

Austria	Stg 20	Indonesia	Rs 2500	Portugal	Esc 50
Belgium	Fr 15.50	Italy	L 1500	S. Africa	R 6.00
Belgium	Fr 16.45	Jordan	L 1500	Spain	Es 4.10
Canada	C\$1.08	Japan	Fr 1500	Sweden	Sk 500
Cyprus	C\$0.70	Korea	Fr 1500	Switzerland	Fr 125
Denmark	DKr 1.00	Lithuania	Fr 1500	U.S.A.	Rs 20
Egypt	Ec 1.00	Latvia	Fr 1500	U.S.A.	Rs 7.00
Finland	Fr 1.50	Malta	Fr 1500	U.S.A.	Rs 10
France	Fr 1.50	Mexico	Ps 300	U.S.A.	Rs 100
Germany	DM 1.00	Monaco	Fr 1500	U.S.A.	Rs 100
Greece	Dr 1.00	Portugal	Ps 300	U.S.A.	Rs 100
Hong Kong	HKS 1.12	Spain	Ps 300	U.S.A.	Rs 100
India	Rs 1.15	U.S.A.	Ps 20	U.S.A.	Rs 100

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,843

Friday January 31 1986

Politics Today: why the
Thatcher revolution
may be over, Page 19

D 8523 B

World news

Business summary

**Troops in
Haiti told
to hold
their fire**

Army commanders in Haiti have instructed troops not to fire on people taking part in the current wave of anti-government protest, except in cases of self defence, diplomats reported.

The development came as the dictatorship of President-for-Life Jean Claude Duvalier appeared increasingly shaky in the face of mounting opposition.

In Washington, the US State Department was said to be delaying the certification of the Haitian Government as eligible for direct aid because of human rights abuses.

Page 4

Debts top agenda

Mexico's President Miguel de la Madrid and Venezuelan President Jaime Lusinchi began talks in Cancun, Mexico, which were expected to centre on their countries' foreign debt obligations in the wake of falling oil prices.

Fibre strand grows

US Trade Representative Clayton Yeutter warned that if the European Commission retaliated against a US import ban on the Dutch fibre Twaron, it might bring a similar US reaction.

Palace shelled

Lebanon's President Amin Gemayel escaped unharmed when his palace compound in Baabda was shelled by forces of Moslem militias that have pressed for his resignation.

Jerusalem killing

Gummen firing from a car killed an Israeli police officer responsible for criminal intelligence in the Jerusalem area. Two other people were hurt in the shooting near the walls of the old city.

Tan's ball doubled

Malaysian political leader Tan Koon Swan pleaded not guilty in Singapore to 15 fraud-related charges involving \$26.7m (514.3m). The court doubled his bail to \$40m, ordered surrender of his passport and set the trial for May 5. Page 3

Kurds protest

Kurdish exiles briefly occupied political and news offices in Hamburg, Frankfurt and other West German cities and urged the Bonn Government to end military aid to Turkey, which it accused of killing thousands of Kurds.

Ariane date put off

The first flight of the European Ariane rocket from a new launching pad at Kourou, French Guiana, has been postponed until March 12. One more launch from the original pad is to be made on February 21.

Doctors strike

Chilean police used tear gas and water cannon to break up a demonstration by about 200 doctors who called a one-day strike in Santiago to protest against the level of health spending by the military Government.

Press freedom pledge

Hong Kong press executives were told that the UK colony will retain press freedom after it reverts to China in 1997. But Lu Ping, Peiking's Secretary for Hong Kong and Mass Affairs, said the freedoms would be subject to the condition that Chinese sovereignty "should not be damaged".

Manila reviews ties

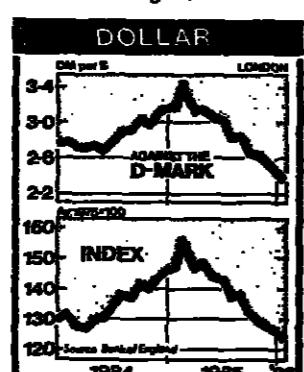
Philippines President Ferdinand Marcos called for a review of "heavy" relations with Washington, while US President Ronald Reagan said he would propose more aid to Manila after a "credible" result from February 7 elections. Page 3

World population

The world's population grew by 65m in 1985 to a total of 4.9bn, the Population Institute reported.

**Cuba and
Britain
in trade
accord**

CUBAN Government and a British trading group signed a five-year agreement aimed at boosting trading between the two countries by £50m (£548.5m) during the period of the accord. Page 20



DOLLAR was weaker in London, falling to DM 2.375 (DM 2.3875), FF 7.2825 (FF 7.325) and Y134.0 (Y194.0). The dollar's exchange rate index on Bank of England figures fell from 123.4 to 121.1. Page 31

STERLING was firmer in London, gaining 75 points against the dollar, to \$1.41. It also rose to DM 3.355 (DM 3.3475), FF 10.2875 (FF 10.285) and Y127.25 (Y127.0). The pound's exchange rate index rose to 74.4 from 74.2. Page 31

WALL STREET: The Dow Jones industrial average closed 0.76 down at 1,532.18. Page 38

LONDON: Equities and gilts were higher. The FT Ordinary share index gained 0.4 to a record 1,186.4 and the FT-SE 100 index added 8.1 to 1,423.1. Page 38

TOKYO: Most stocks moved lower as speculators took gains. The Nikkei average lost 8.0 to 12,049.4. Page 38

GOLD rose \$1.75 on the London bullion market to \$357.5 and rose \$3.00 in Zurich, also to \$357.75. Page 39

WEST GERMANY'S trade surplus could fall from its 1985 record level to somewhere in the DM 65bn range through a projected growth in imports of 3.5 to 6.5 per cent, according to Bonn's annual economic report. Page 2

INDONESIA, world's second biggest oil producer, said it rejected any rescue package that involved producers and consumers bearing losses sustained by the International Tin Council buffer stock. Page 36

OLIVETTI of Italy, Europe's leading manufacturer of office information equipment, increased after-tax profits in 1985 by about 20 per cent to more than \$250m. Page 21

PEOPLE EXPRESS, US cut-price airline, expects losses in the fourth quarter to be greater than forecast. Page 21

KEROX, US office equipment group, more than doubled income from continuing operations in its fourth quarter to \$112m. Page 21

METAL BOX UK packaging group, to license its new generation of plastic containers to Consumers Glass Company of Canada. The agreement excludes Consumers Glass from selling the products in the US market.

TIME INC, largest US magazine publisher, reported a 23 per cent fall in fourth-quarter profits and announced plans for a 5 per cent cut in jobs at its magazine group. Page 21

METALLGESELLSCHAFT of West Germany and Louis Dreyfus of France have agreed to establish a major trading company in America in co-operation with Cargill, holding company for the country's nationalised industries. Page 21

Editorial comment

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EUROPEAN NEWS

Mitterrand stakes position on foreign policy

BY DAVID HOUSEGO IN PARIS

THE FRENCH President, Mr François Mitterrand, has shown he intends to play an active role in foreign policy, whatever the shape of the government after the general election in March, with the publication yesterday of a book of reflections on France's role in the world.

Coming only seven weeks before the vote, the book is in line with his recent public appearances to enhance the President's position and boost the Socialists' chances.

It shows that the President is mainly at odds with the bulk of

the right-wing opposition over two foreign affairs issues. The first is the privileged position which he claims for himself because of the "pact" that exists between the President and the "sovereign people" who elects him. This pact is all the more important, he says, because it is rooted in the collective unconscious of the nation." It is this aspect which Mr Mitterrand maintains gives the President special responsibilities in foreign affairs and defence.

The other issue is over the US Strategic Defence Initiative (SDI) to which he repeats his

hostility. He says that he fears that it could produce what the US isolationist lobby and Soviet propaganda have failed to achieve—a separation of the US and European defence systems.

The opposition has called for negotiations with Britain and West Germany on a European participation in the SDI. Mr Paul Quilès, the Defence Minister, said recently, however, that French industry could take part.

Otherwise, the book is written in elegant Gaullist tones calculated to achieve a maximum national consensus on foreign policy issues. M Mitterrand is

particularly enthusiastic about the importance of Franco-German relations, saying that "France has no better, more solid partner in Europe."

While stopping short of

an automatic commitment to the involvement of French

troops in the event of an attack

on West Germany, M Mitterrand says that he cannot conceive of French troops

stationed on German soil doing "an about-turn" at the first alert.

The President sees the Gaullist emphasis on French independence, and the more recent

weight given to rebuilding Europe, as complementary. But he is strongly nationalist in his defence of French culture and industry, saying that he had demolished French officials who have broken into English at international gatherings.

He resorts to Napoleonic metaphors to explain the importance of France maintaining a competitive position in key sectors. "Austerity is won when we capture a position in electronics or biology," he says, "but Waterloo is lost if we forfeit position in the car industry or machine tools."

UK and France see eye to eye on major problems

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

BRITAIN AND France yesterday concluded that there was "a close similarity of views" between them on most of the major world problems, including in particular the future of the European Community, East-West relations and disarmament.

The Foreign Office issued a statement in which it "noted with satisfaction" this relatively unusual state of affairs, following a one-day meeting in London between Sir Geoffrey Howe, the Foreign Secretary, and Mr

Roland Dumas, his French opposite number.

The new warmth in the often chilly relations between the two countries was confirmed by Mr Dumas, who said there had been a steady improvement in the atmosphere since the EEC's Four-in-one summit of June, 1984, at which a solution was found to the problem of Britain's contributions to the Community budget.

That had laid the foundations for a new meeting of minds on Community matters, and Sir

Geoffrey and Mr Dumas yesterday particularly underlined the importance of last December's Luxembourg conference on Community reform. The fact that the Foreign Office made a point of issuing a statement on the subject is an indication of the British and French Government's desire to see the Dem of the British and French

mark accept the reform package, which was rejected by the Danish Parliament and which will be submitted to a referendum.

The two ministers also noted that their views were very close on disarmament questions, including the latest proposals by Mr Mikhail Gorbachev, on which they would continue to consult each other regularly.

The fact that Mr Gorbachev no longer appears to want to count in the British and French nuclear deterrents with US

in Soviet defensive capabilities, London would be ready to review its position "in the light of the reduced threat."

strong reservations about his proposal that they should not build up or modernise their nuclear forces during the first phase of the Soviet disarmament plan.

Britain's position continues to be that US and US strategic arsenals were substantially reduced and if no significant changes had occurred in Soviet defensive capabilities, London would be ready to review its position "in the light of the reduced threat."

Warsaw Pact welcomes Nato troop cut offer

BY PATRICK BLUM IN VIENNA

THE WARSAW Pact yesterday gave a guarded welcome to proposals tabled by Nato before Christmas at the Vienna talks on reducing conventional forces in Europe.

Mr Nikolai Nekludov, the Soviet spokesman, said yesterday: "For the first time, we can see outline of a general framework for discussions and a certain shape for a possible agreement."

Referring several times to recent statements by Mr Mikhail Gorbachev, the Soviet leader, Mr Nekludov suggested that 1986 could be a milestone in the history of the talks which resumed yesterday.

Diplomats on both sides have displayed unusual optimism about the prospects for overcoming the disagreement which has stalled the talks for almost 15 years.

There is "a truly propitious situation with both sides working on the basis of the same approach at the same time and with a number of significant points on which broad agreement exists," Mr Jan Hein van de Mortel, head of the Dutch delegation, speaking for Nato, said yesterday.

The new Western proposal envisages a phased agreement with an initial withdrawal of 11,500 Soviet and 5,000 US troops, to be followed by a

commitment not to increase troop levels during the following three years. More negotiations would follow to decide further reductions.

A possible stumbling block is Nato's demand for stringent verification measures to monitor adherence to an agreement.

Nato believes this should be done through check at entry and exit points for troop movements and by satellite and other technical means—both of which are acceptable to the Warsaw Pact—by numerous on-the-spot inspections, and through wide-ranging exchanges of information.

Western diplomats say that

without an adequate exchange of information, there could be no assurance that troops were not being returned into the reduction area. "Uncertainty on either side would lead to a deterioration of confidence," Mr Van de Mortel said.

Nato yesterday gave the Warsaw Pact a 28-page document which outlines what it considers the necessary verification measures. Mr Nekludov said the document would be studied closely but warned against "one-sided" demands.

"We want to have reasonable verification but these measures should be sober and realistic and not create a new source of suspicion."

Madrid aliens law angers Melilla

BY TOM BURNS IN MADRID

POLITICAL tension was reported yesterday in the isolated Spanish garrison town of Melilla, on Morocco's North African coast, as Moslem shopkeepers maintained a general strike for a second day in protest at the proposed implementation of a new aliens law by the Madrid Government.

The row over the law, which Moslems in Melilla claim is discriminatory and could lead to their expulsion, has sharply highlighted the internal tensions and the potential international tensions posed by the

5.6 square mile municipality. Like Ceuta, Spain's other North African enclave which is situated across the Straits of Gibraltar, Melilla is claimed by Morocco and is a regular subject of debate among Arab parliamentarians. The Spanish status of both cities, which were conquered by Spain in the 15th century and are now all in the control of the North African territories, is an article of faith for Madrid politicians and a highly sensitive issue among the military.

The strike in Melilla fol-

lowed unprecedented demonstrations earlier in the week over the legislation. In one incident several hundred women were beaten by Spanish riot police who also fired rubber bullets and tear gas. Further demonstrations are likely.

The aliens law is principally concerned with foreigners in mainland Spain but it has a specific dimension in Melilla where about half of the estimated 27,000 Moslem residents are believed to be illegal immigrants. Melilla's total population is just under 60,000 in-

cluding some 12,000 troops.

Moslems in Melilla, many of whom were born in the enclave or have lived there for years, say they are being denied Spanish nationality which they claim is theirs and are being classified wrongly as aliens. The legislation has provided a focus for existing discontent over job discrimination and inadequate housing. Similar, though lesser tensions, have been reported in Ceuta.

The authorities allege that the disturbances are being fanned by "anti-Spanish elements."

Moscow sees the possibility of economic partnerships without too many political strings, writes Alain Cass, Asia Editor

Kremlin blows the dust off its Asia file

SOME TIME after coming to power last year, Mr Mikhail Gorbachev, the Soviet leader, seems to have taken a long hard look at his country's relations with Asia. It was not a pretty sight.

Years of neglect and inflexibility had left their mark. Little had been done to counter the adverse effects of the Soviet Union's military build-up in the region or the invasion of Afghanistan.

There are good relations with India and the communist states of South-East Asia. There have been half-hearted attempts to improve relations with China. In these respects, though, the Kremlin file is marked "A" clearly needs a thorough over-haul.

That is now under way with a series of important new initiatives aimed at giving Soviet policy throughout Asia a new look.

The main impetus for Mr Gorbachev's peace offensive in Asia comes from the Soviet Union's growing need for high technology, consumer goods and the desire to develop areas like Siberia and the natural gas fields on the continental shelf of Sakhalin Island.

Despite some economic problems Asia, and Japan in particular, remain among the most vigorous economic regions in the world. They offer the Soviet

Union the chance of economic partnerships without too many political strings. It is a partnership Mr Gorbachev badly needs as he goes about modernising the Soviet economy.

The Soviet Union was also on the losing end of the propaganda war with the US in Asia. Far from eclipsing US influence in the region by the presence of 110,000 troops, in Indochina—such as air bases in Vietnam—the recent strengthening of its Pacific fleet to almost 300 vessels and the continued presence of 110,000 troops in Afghanistan was seen as a threat to the American presence in the area.

In India—the Soviet Union's major foreign policy success in the Third World—after the arrival of a bright, young, western-oriented leader with a thirst for liberalisation and reform must have caused a flutter in the Kremlin. In the event Mr Rajiv Gandhi has reaffirmed his country's links with the Soviet Union but who knows which way he will turn if he decides India requires a major injection of western cash and technology?

The countries of Asia stretch for 4,000 miles from the Orus river in Afghanistan to the Sea of Japan along the Soviet Union's southern perimeter. They account for nearly 2.5bn people whose co-operation, or

at the very least, neutrality is vital to Mr Gorbachev's more vigorous foreign policy.

The most recent and most important Soviet initiative towards regaining lost ground in Asia was the resumption of a two-level political dialogue with Japan following the five-day official visit of Mr Edward Shevardnadze, the Foreign Minister.

It was the first such visit for 10 years. Although it yielded a little of substance, it marked a

A series of important

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Soviet policy throughout

Asia a new look.

radical change in approach from the days when Mr Andrei Gromyko was Soviet Foreign Minister and refused to visit Japan because he would not discuss the issue of the four islands off Hokkaido which the Soviets occupied in 1945 and which the Japanese want back.

There still seems little chance of the Russians giving up the islands and the Japanese refusing to negotiate a long-term economic agreement sought by Moscow. Apart from setting a dangerous precedent for giving up the islands would

the Soviet Union's Pacific fleet dangerously exposed to US military might.

But the Shevardnadze visit set a new tone in relations with Japan. Tokyo now feels it has economic leverage on Moscow's programme of domestic reform and economic modernisation while the Russians seem pleased to have mended at least some of their fences with Japan and made some headway in lessening what they regard as the potentially dangerous alliance between the Japanese, the Americans and the Chinese.

As part of the same offensive

Moscow has also accelerated

the process of normalisation

with China. The reform

and economic policies introduced in China by Deng Xiaoping, the country's supreme leader, have clearly worried the Russians who see themselves being economically overtaken and politically outmanoeuvred by the world's largest developing country and their old ideological rival.

Earlier this month Mr Kapitsa told a press conference in Moscow that "Vietnamese troops could withdraw from Kampuchea by next year." He added that the Soviet Union was prepared to give guarantees of the establishment of a zone of peace in south east Asia.

The same line has been taken over Afghanistan. Nods and winks at the Geneva summit

leave the Soviet Union's Pacific fleet dangerously exposed to US military might.

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Commission hint over airline competition

BY PAUL CHESSERIGHT IN BRUSSELS

THE EUROPEAN Commission

is prepared to use its own powers to secure liberalisation of the air transport industry, if political moves and legal action fail to reach the same end.

This was made clear yesterday by Mr Peter Sutherland,

the European Commissioner for

transport, when he noted the possibility of "putting into effect alternative binding instruments that would create free competition thus directly benefiting efficient airlines and travellers alike."

Speaking to the International Chamber of Commerce in Paris, he outlined what

he sees as the carrot and stick approach of the Commission to liberalise the industry on the basis of proposals put forward in 1984.

The report envisages a

current account surplus little

changed from the DM 38.6bn in

1985. But increased outlays

on the D-mark against the dollar

and its currencies

are expected to reduce the

surplus.

The huge surpluses piled up

in 1984 and last year have

generated, whatever the official

denials here, considerable pres-

sure from some major trading

nations, above all the US, that

West Germany should do more

to boost internal demand and

tolerate an appreciation of the

mark.

Both these criticisms have

been somewhat deflected, how-

ever, by the powerful recent gains of

the D-mark against the dollar

(which now stands at around

DM 2.40 compared with DM 1.87

at its peak last February

OVERSEAS NEWS

Marcos promises a peaceful transition if he is beaten

BY CHRIS SHERWELL AND SAMUEL SENOREN IN MANILA

PRESIDENT Ferdinand Marcos, apparently changing tack in his campaign for a record fourth mandate as Philippines president yesterday promised a new system of government if he won next week's election and a peaceful transition of power if he lost.

With eight days to go, the autocratic 65-year-old leader told an audience of businessmen and civic leaders in Manila that the role of the prime minister and parliament, and of his own presidential decree-making power, had to be redefined.

At the same time he pledged to work for a peaceful transition if he lost to his challenger, Mrs Corazon Aquino.

Previously he had warned that a victory by her would be rejected by the military and bring violence.

In another tactical move, he acceded to pressures to fill two vacancies in the nine-seat Commission on Elections (Comelec), which his critics allege is overwhelmingly biased in his favour. One of the two was proposed by the National Citizens Movement for Free Elections (Namfrel), an independent watchdog group.

Yesterday Namfrel and Comelec ended a protracted and

President Reagan yesterday said he would ask Congress for increased aid for the Philippines to assist the fight against what he called efforts at a totalitarian takeover. Reuter reports from Washington.

A spokesman added that Mr Reagan "believes this is an important time for Americans to respond to a friend and ally at this critical juncture in its history."

bitter dispute by agreeing on the terms of a joint "quick count" of votes after the polls close. Namfrel backed down from plans to conduct its own count with or without Comelec's approval. Comelec had threatened to withdraw its recognition of Namfrel.

In his sometimes rambling speech yesterday, Mr Marcos persisted in his relentless attack on Mrs Aquino's back-ground and inexperience.

Nine countries meet on S. African trade ties

BY STEPHANIE GRAY

MINISTERS FROM nine southern African states started a two-day meeting in Harare yesterday to review attempts to disengage their economies from dependence on South Africa.

Members of the Southern African Development Conference (SADC) will evaluate the organisation's achievements since its inception five years ago. They will also try to design its future against a background of increasing instability in South Africa—the economy they are pledged to dislodge but on which each of them relies.

Mr Robert Mugabe, the Zimbabwe Prime Minister, speaking at the opening of the conference, accused South Africa of destabilising neighbouring countries and called for international sanctions against

Pretoria to force the pace of racial reform.

Mr Mugabe told nearly 500 delegates from SADC countries and more than 40 donor countries that most of the organisations members—Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe—had felt the force of South Africa's "naked aggression."

Of the nine, Angola and Mozambique have suffered most war damage and the highest military costs, despite Maputo having signed a peace agreement with Pretoria trading the expulsion of members of the banned African National Congress for unbroken supply routes to revive a threadbare economy.

Savimbi meets Reagan, Page 4

Pretoria sees net immigration in decline

SOUTH AFRICA'S skilled population is increasingly voting with its feet according to official figures for the first ten months of last year, Jim Jones writes from Johannesburg.

Net immigration declined by two-thirds to 6,134 from 18,000 in the corresponding period of 1985. The number of immigrants to South Africa failed after more than a week of fierce combat.

A government official estimated that between 12,000-13,000 died in the fighting that left parts of Aden devastated.

Residents say bodies were piled in the streets and in shattered buildings, subjected to rocket, artillery and tank fire.

I was driven through Tawahi, Maaila, Khoromakar and Crater, the main commercial and residential districts, and saw abundant evidence of fierce street-to-street, house-to-house fighting.

Hundreds, if not thousands of buildings were damaged, many of them virtually destroyed.

The scale of destruction in this town of 300,000 is immense. The combatants appeared prepared to harness all firepower at their disposal in a fight to the death.

A Lebanese bartender, previously employed at the Com-

EVIDENCE MOUNTS OF MASSACRE OF PRESIDENT'S OPPONENTS**South Yemen death toll put at over 10,000**

Tony Walker reports from Aden on the state of the war-torn country

MORE THAN 12,000 people are said to have died in the bloody conflict that swept South Yemen's president from power and plunged the country into chaos.

There are widespread reports of massacres of opponents of ousted President Ali Nasser Mohammed, whose attempted preemptive strike against the Socialist Party of South Yemen failed after more than a week of fierce combat.

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Mohammed's strategy for crushing his opponents was to engage in systematic massacres of members of a rival faction in this pro-Soviet state.

At the town of Gaar in Abyan province, east of Aden, I interviewed a party official who said he was one of the few survivors of the massacre on January 18 in the last conflict.

Mr Saleh Saed, 37, said he was among about 150 people rounded up on January 13 and thrown into prison. These prisoners were either held in an underground chamber, small 3 ft by 6 ft cells or in larger rooms.

He said that in the early hours of January 18, guards in machine-guns opened fire, killing 50 people in the cell in which he was held. He survived, he said, because he hid under a pile of corpses. "I was terrified, completely terrified," he said.

There is evidence of wild shooting in the cell blocks at Gaar jail. Bars on the windows and doors twisted and broken.

Mr Saleh Saed said guards returned later that morning to remove the bodies and cover up the evidence. He had escaped in the meantime.

Mr Saed said fresh concrete had been plastered on the walls and floors to obscure marks

made frequent phone calls and appeared alarmed by the course of events in Aden. The Politburo meeting at which President Mohammed is alleged to have arranged a "gangland-style" execution of his opponents began around 10 am.

The killing of Ali Antar, South Yemen's vice president, along with two other Politburo members sparked the fierce conflict that brought South Yemen to the brink of civil war.

Unclear at this stage is the whereabouts and condition of Mr Abdul Fattah Ismail, a hard-line ideologue and Politburo member, who is believed to have been wounded in the wild shooting that broke out at the Politburo meeting.

Ali Ahmad al-Azri, director of the Khanfar Guest House, said that President Mohammed had arrived at about 10.30 am on January 18 in the early hours of January 18.

In daylight, at around 8 am that day he had witnessed some bodies being taken away in trucks and others being buried naked in the mass grave next to the jail.

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AMERICAN NEWS

IMF may declare Peru ineligible for aid

BY DOREEN GILLESPIE IN LIMA

PERU'S tense relations with the international financial community over its non-payment of obligations on its \$14bn (£10bn) foreign debt are coming to a head.

The Government of President Alan Garcia has been informed that the International Monetary Fund is considering declaring the country ineligible for further financial assistance.

If Peru is declared ineligible by the IMF then it would also cease receiving funds from the World Bank. This would be a serious blow because Peru relies heavily on such funds.

The IMF's board of directors is not expected to make a decision until after a mission has visited Peru next month.

The Garcia Government, in agreeing to the mission, is insisting that this is no more than routine consent to the annual IMF inspection. But such annual visits normally take place in August or September. Thus it appears the Government is attempting to limit debt service payments to commercial banks to 10 per cent of exports.

At the beginning of the year, Peru's foreign reserves were close to \$1.5bn. Against this, since taking office last July has been to reject IMF-imposed policies.

Since September, Peru has made no interest payments to the IMF and as of December 11 it owed the IMF \$203m (£150m). The IMF maintains that Peru can afford to pay because its reserves have been accumulating as a result of the Government's policy of limiting debt service payments to commercial banks to 10 per cent of exports.

At the beginning of the year, Peru's foreign reserves were close to \$1.5bn. Against this, a new package of austerity measures was due to be announced by President Garcia yesterday, but the announcement has now been delayed.

Call for Caracas Energy Minister to quit

BY JOE MANN IN CARACAS

THE Social Christian Copel Party, the main opposition force in Venezuela, yesterday called for the resignation of Mr Arturo Hernandez Grimaldi, the Minister of Energy and Mines, for what they called "clumsy" handling of the country's petroleum policy.

The energy post is one of the most important Cabinet assignments and the call for Mr Hernandez's resignation represents an important political initiative by the opposition.

Mr Eduardo Fernandez, secretary general of Copel, specifically charged that Mr Hernandez was a "sworn enemy" of the

Government's new policy of expanding the overseas investments of its national oil company, PDVSA. He asked: "How can he now direct a policy in which he does not believe?" Mr Hernandez also said that, by waiting two years to formalise these investments, the Government had cost the nation "thousands of millions of dollars" in potential oil income.

Mr Hernandez was appointed to the energy post at the beginning of the Lusinchi Administration in February 1984. Under the previous Government, when he belonged to the opposition, he strongly opposed the Copel

Administration's initiatives to "internationalise" PDVSA through investments in oil companies in other countries.

Only last week the Lusinchi Administration announced it would invest around \$900m (£640m) in three foreign oil companies in order to secure overseas markets for its crude and refined products. Mr Hernandez announced the Lusinchi Government decision, but opposed this first overseas investment undertaken by Venezuela, a joint venture with Veba Oel of West Germany, signed in 1983. Mr Hernandez

responded to the Copel criticism by saying he always kept the opposition leadership informed on oil matters.

Although Venezuela, nation, allied to its oil industry a decade ago, politicians have been reluctant to get the national oil company involved in foreign investment for fear of failure and criticism from political opponents. In fact, some oil experts here believe that PDVSA should have begun "internationalising" years ago and that the new foreign ventures announced last week are "too little and too late."

The announcement, made in a radio broadcast, came only three days after Honduras' new civilian President, Mr Jose Azcuna Hoyo, assumed office.

Gen Lopez Reyes said: "I am tired and I am resigning strictly for personal reasons."

However, well-informed observers in Tegucigalpa maintained that his departure indicated he did not feel confident of the new President's full support at a time when there was serious infighting among

Government's two main guerrilla organisations, the SDN and Arde.

The leaders have been unable to form a government in exile because of continuing simmering differences between them.

Mr Calero is a former director of the Coca-Cola subsidiary in Managua. Mr Robelo is a former Nicaraguan businessman and landowner, and Mr Cruz is a banking expert.

Managua accuses US of threat and blackmail

BY TIM COONE IN MANAGUA

THE PUBLIC meeting last Monday of Mr George Shultz, US Secretary of State, with the three leaders of the Nicaraguan counter-revolutionary guerrilla movement has provoked a sharp reaction from Managua.

Mr Miguel d'Escoto, Nicaragua's Foreign Minister, complained in a letter released on Wednesday night to Mr Shultz: "Once again it is clear that the objective sought by the US Administration is to defeat the legitimate Government of Nicaragua by force, threat and blackmail."

He added that the US Government "lacked political will to seek a peaceful and negotiated solution through dialogue." The US broke

off bi-lateral talks with Nicaragua in January last year.

Mr Shultz apparently talked for 45 minutes with the three leaders - Mr Arturo Cruz, Mr Alfonso Robelo and Mr Adolfo Calero - of the United Nicaraguan Opposition (UNO) alliance, which groups together the two main guerrilla organisations

the SDN and Arde.

The leaders have been unable to form a government in exile because of continuing simmering differences between them.

Mr Calero is a former director of the Coca-Cola subsidiary in Managua. Mr Robelo is a former Nicaraguan businessman and landowner, and Mr Cruz is a banking expert.

Honduran armed forces chief says he will quit

BY ROBERT GRAHAM, LATIN AMERICA EDITOR, IN LONDON

GEN Walter Lopez Reyes, chief of the Honduran armed forces and one of the most powerful figures in the country, announced yesterday that he intended to resign.

The announcement, made in a radio broadcast, came only three days after Honduras' new civilian President, Mr Jose Azcuna Hoyo, assumed office.

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Reagan backs Savimbi's 'dream'

BY CANUTE JAMES IN KINGSTON
ARMY commanders in Haiti have instructed troops not to shoot people taking part in a current wave of anti-government protests and riots except in cases of self-defence, diplomats in Port au Prince, the capital, said yesterday.

The diplomats said they interpreted the instructions to the troops as part of preparations by army leaders to take over the country, ending the 14-year rule of Mr Jean Claude Duvalier, the 34-year-old "President for Life."

The instructions to the troops came as Mr Duvalier's dictatorship appeared increasingly shaky, rocked by almost three months of anti-government protests.

There have been continuous demonstrations this week against Mr Duvalier in the northern city of Cap Haitien, the country's second largest. Three people, two schoolchildren and a man, were shot dead in the city earlier this week.

The diplomats say the army apparently wants to clean up its image if it feels it has to remove Mr Duvalier and is worried that a heavy hand in putting down the protests could make it unpopular.

The army would have been more death already had the army adopted the expected repressive measures against the protesters," said one diplomat.

The protests were caused by the killing of three schoolchildren in the city of Gonavais in November.

A revolt by the army against Mr Duvalier would leave the President without his main crutch. It is the military which has ensured the dictatorship's rule from 1971 when the President's father, Mr Francois "Papa Doc" Duvalier, took over the country.

Patrick Cockburn adds from Moscow: The Soviet Union yesterday heavily underlined its support for Angola with the attendance of Mr Edward Shevardnadze, the Soviet Foreign Minister, and the two most senior Soviet generals, at consultations between the Soviet Union, Angola and Cuba in Moscow.

Gen Lopez Reyes took over the command of the armed forces in March that ousted Gen Alvarez Martinez, the military strongman.

Gen Lopez Reyes faced the difficult task of balancing the feelings of the more nationalist officers against the pressure from the more conservative and openly pro-American senior officers.

The publically given to the consultations and the attendance of Marshals Sergei Shchokolov, the Soviet Defence Minister, and Marshals Sergei Akhromeyev, the Chief of Staff, appears to be a strong affirmation that Moscow will support the Angolan Government against any increased pressure.



President Duvalier of Haiti: shaky dictatorship

The geographical spread of the protests over the last two months suggests that anti-government sentiment is widespread in the country.

Bodies found in and Cap Haitien, Haïtiens in other towns in the north and Port au Prince, have taken to the streets demanding the President's resignation.

The noise around the dictatorship tightened this week after protesters announced plans for a general strike from February 12 to 20. Protest leaders in Cap Haitien said yesterday that if the strike ended with Mr Duvalier still in office, he would be "President of his own palace" and that it would take little time to remove him even from that.

Despite the intensity of the protests and the clear popularity of the spreading anti-government sentiment, the events have not thrown up any leader who appears able to ride the wave of Mr Duvalier's unpopularity.

Over the years the President ensured that any one who indicated any willingness to establish a viable and credible opposition was put behind bars.

Early in the protests youth leaders looked to the much-imprisoned Mr Hubert de Ronceray, a former government minister and diplomat.

He and other likely leaders such as Mr Sylvio Claude of the Christian Democratic Party (and who appears to have spent more time in than out of Mr Duvalier's prisons)

Duvalier's grip weakens as army stands by

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Gen Lopez Reyes faced the difficult task of balancing the feelings of the more nationalist officers against the pressure from the more conservative and openly pro-American senior officers.

There are indications, however, that the army is not united on whether it should intervene to end what now appears to be impending political and social chaos.

Some leaders apparently feel that loyalty to the regime should be maintained. That promises internal power struggles and continuing instability if the army does force the President out of office.

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NEW SOVIET FIVE-YEAR PLAN

UK seeks to clarify opportunities

BY DAVID BUCHAN

THE BRITISH Government is next week to press a Soviet trade minister for clarification on business opportunities in the new Soviet five-year plan, to try to reverse last year's sharp 200m decline in UK sales to the Soviet Union.

Mr Alexei Manzilu, a deputy trade minister, will lead a Soviet delegation to London for a meeting of the Anglo-Soviet joint economic commission, the first since May 1984 because of the hiatus caused by last year's personnel shake-up in the Moscow trade ministry.

Despite a 57m rise in exports to Eastern Europe, to China in 1985 up 10.2 per cent from 1984 to 249,232 vehicles. Those to the US increased 21.4 per cent to 3,121,908.

Shipments to Europe climbed 7.6 per cent to 1,363,664 vehicles in 1985.

The officials said they were not sure why exports to Europe were so brisk, considering Japanese car makers had had trouble with competition from local small-car makers. However, they suspected persistent marketing efforts by Japanese makers may have been responsible.

Exports to south-east Asia were up 7.8 per cent reaching 710,573 vehicles, and exports to Central America rose 9.3 per cent to 221,616.

But exports to the Middle East declined 6.3 per cent to 401,583 vehicles, and those to Africa fell 44.9 per cent from 1984 to 197,729.

Jamaica had announced last week that Japan's total vehicle production in 1985 rose 7 per cent from the previous year to a record 12,271,083.

Japan's car makers had begun producing light trucks and vans in Chongqing City, China, in April, in its third technical tie-up with a Chinese corporation to produce four-wheel vehicles, an official said yesterday, AP reports.

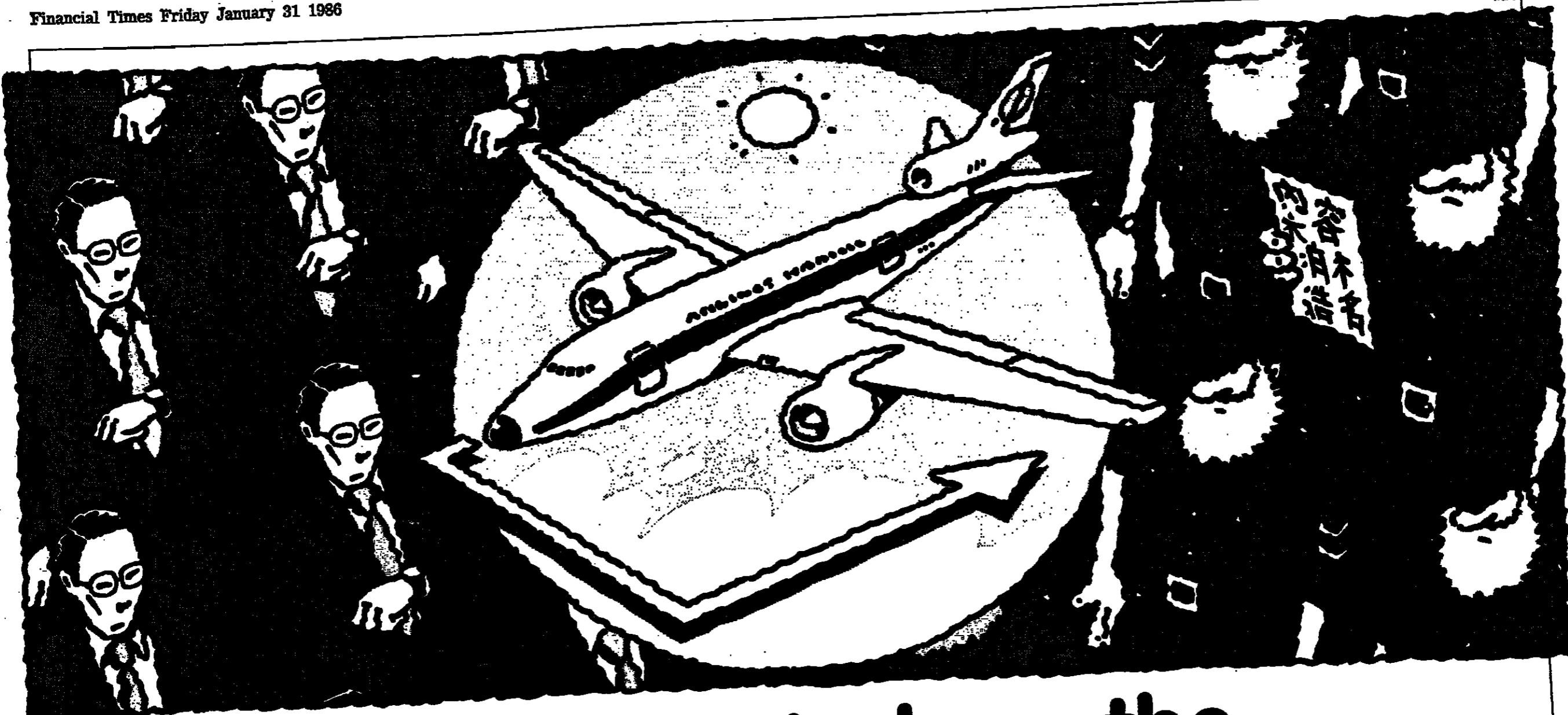
Suzuki will supply major parts, including engines and transmission, for the vehicles' assembly at the Chinese plant in Sichuan Province.

As well as making motor cycles in China in co-operation with Chinese corporations, Suzuki produces 500 light vans and trucks a month in Jinlin City, in the north-eastern province of Jilin.

The projects, which will cost more than \$2.6bn to complete, comprise a 2.2m kW thermal power plant for central Taiwan and a new naphtha cracking facility at Chinese Petroleum's plant in Kaohsiung.

The naphtha cracker, which will cost \$400m to complete,

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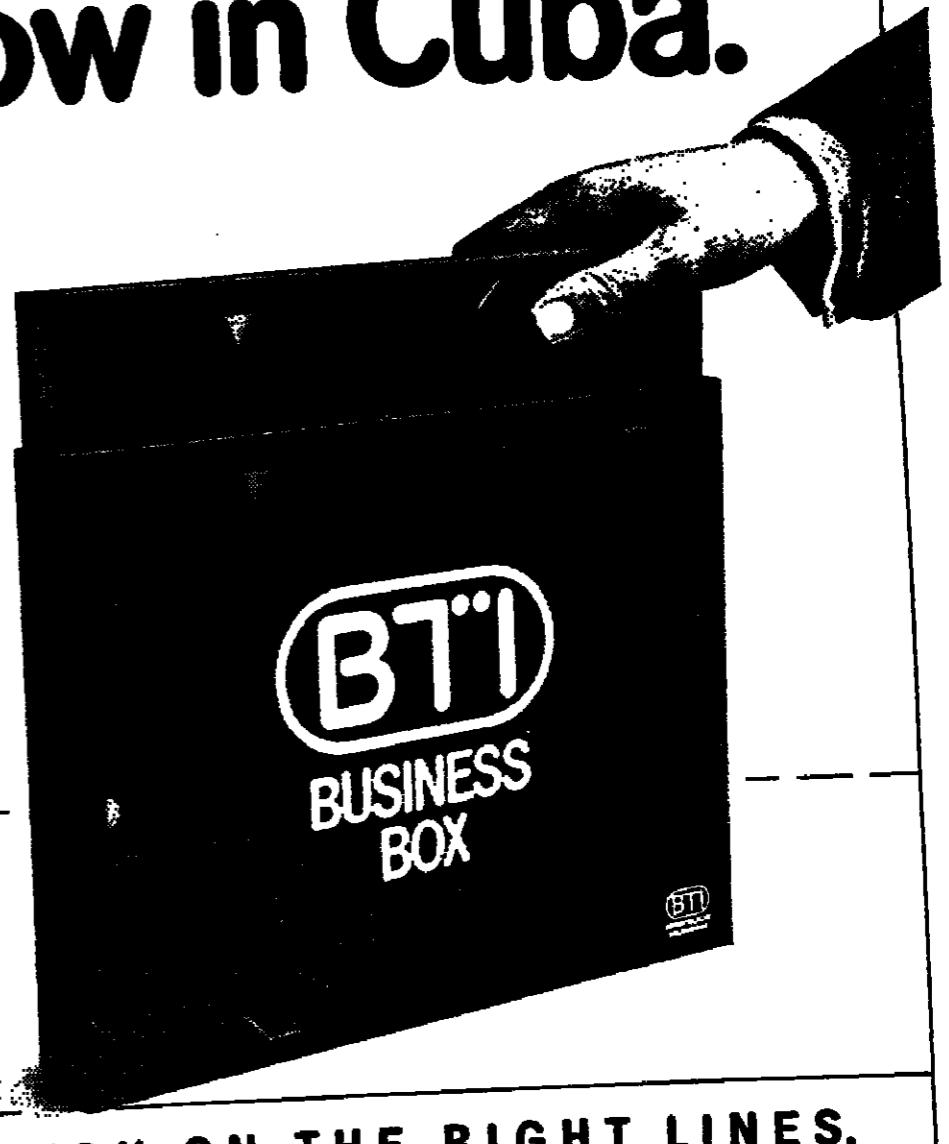
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UK NEWS

TUC in move to suspend union

By John Lloyd and Helen Hague

THE GENERAL council of the Trades Union Congress (TUC) yesterday took its penultimate step in the process of suspending the electricians' union, the EETPU, from the TUC over its alleged breakaway at News International's new printing plants.

The council drew up a list of charges against the electricians whose representatives declined to attend - which underpins the allegations that the union may have acted in a way detrimental to the interests of the union movement and to the policies and principles of the TUC.

The seven charges claim that the EETPU has refused to co-operate with the print unions in getting agreements at the new plants at Wapping, east London, and at Glasgow and that it has replaced the print unions in producing the titles of Mr Rupert Murdoch's *News International*.

The charges also claim that the EETPU has recruited members for the plants in breach of assurances that it would not and that it is operating an "arrangement or agreement" with NI at Wapping covering its employees.

It became clear last night that the instruction not to cross picket lines given on Wednesday by Mr Ron Todd, general secretary of the Transport and General Workers Union, to his members at the TNT transport and General Workers Union, to his members at the TNT transport company, which is distributing NI's titles, was being disobeyed.

Drivers contacted at four TNT depots were all continuing to make runs to and from Wapping.

TGWU officials from the company met Mr Todd again today in an effort to tighten discipline over the drivers.

Production of the Times supplements - part of NI - was prevented by printworkers' action at the Northampton Mercury on Wednesday

Britvic set to merge with Canada Dry

By LISA WOOD

A FURTHER shake-up in the troubled UK soft drinks industry is imminent. An announcement is expected soon that Canada Dry Rawlings, the Whitbread and Bass-owned manufacturers of fizzy drinks is to merge with Britvic, the mixer and fruit juice subsidiary of Allied Lyons.

It is understood that Bass would have a controlling interest in the new company which would have net assets of at least £35m. Britvic would contribute more than £25m of this figure and Canada Dry Rawlings would contribute more than £40m.

Allied Lyons said yesterday that discussions were taking place. "Nothing has yet been finalised."

The move, which is under consideration by the Office of Fair Trading, aims to create a more aggressive force in the UK soft drinks industry, which is undergoing major rationalisation.

Most recently Cadbury Schweppes and Coca Cola announced plans to set up a joint company in the UK.

In May 1985 Allied Lyons gave Castlemaine Toohays, the Brisbane brewer, a 50 per cent interest in Britvic in return for increasing its stake in Castlemaine Toohays by 4 per cent to 24.9 per cent.

Canada Dry Rawlings, according to the latest Company House returns made a pre-interest profit of £1.2m on sales of £27m in the year September 30 1984.

Britvic, in the year to March 3 1984, made pre-interest profits of £3.4m on sales of £47m.

BMW to raise prices

By KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BMW's UK import company is to put up car prices on February 10 for the second time in less than a month. It blames the move on the fall in the value of the pound against the D-Mark.

The increases, which average 1.9 per cent, follow the 1.8 per cent rise which took effect on January 14.

The Louro subsidiary which imports Volkswagen-Audi models and

is the major importer of cars from West Germany to Britain said it had no immediate plans to increase prices even though it had raised them since a 3 per cent rise last September.

Daimler-Benz, the Mercedes group, said it intended to make price changes from April, but this was part of the normal process rather than currency realignment.

Hambro Trust to sell bank holding

By Michael Cassell

HAMBRO TRUST last night revealed that it intends to sell its shareholding in Hambros, one of the UK's oldest merchant banks.

The Trust holds 49.9 per cent of the voting shares in Hambros and represents Hambro family interests, including those of Mr Rupert Hambro, a deputy chairman of Hambros plc and non-executive chairman of Hambros Bank, a 100 per cent-owned merchant banking subsidiary.

He is expected to relinquish his directorships with Hambros when the sale is complete.

Mr Hambro last night denied that the decision followed a difference of opinion over the future development of Hambros, which has become increasingly committed to the consumer banking business.

In November it agreed a £7m takeover of Bairdstone Eves, the estate agency.

He said: "We support Hambros and its policies, and the Trust will be voting in favour of the Bairdstone acquisition. Hambros has come through difficult times and is now in very good shape.

My two brothers and I, however, feel we have all our eggs in one basket and feel the time has come to go off and do other things with Hambro Trust."

Mr Charles Hambro, chairman of Hambros plc and second cousin to Mr Rupert Hambro, also holds about 28 per cent of Hambro Trust.

He said he regretted the split: "It is difficult when any family decides to go different ways, but the parting is on the best of terms. Our first preference remains maintaining merchant banking, with a big emphasis on investment."

Mr Charles Hambro emphasised that Hambros had sufficient capital for all its present requirements, including the purchase of Bairdstone Eves,

Lionel Barber looks at the inquiry into hectic trading

Westland's inflated share market

THE LONDON Stock Exchange inquiry into all aspects of the hectic trading in Westland shares over the past three weeks has created a new dimension to an already controversial affair.

The resignation of two Cabinet ministers - Mr Michael Heseltine and Mr Leon Britton - has meant that public attention has focused on the political aspects of the Westland affair, to the exclusion of what some regard as unacceptable activities surrounding the purchase of Westland shares.

Over the past three weeks, a number of buyers supporting either the European aerospace consortium or the rival Sikorsky/Fiat rescue plan have offered prices of up to 40 per cent above or 50 per cent above the market. Rowe & Pitman, the unit trust group, have voiced their disquiet publicly.

It is not the only thing which has been offered at prices above the market. Rowe & Pitman, on behalf of the European aerospace consortium, has offered to buy Westland shares at a price of 7.7 per cent above the current level.

The activity has taken place during two key periods: first, in the run-up to the extraordinary general meeting of shareholders on January 17, when the consortium and its ally Mr Alan Bristow, the former helicopter operator, bought enough shares to block a Sikorsky/Fiat plan requiring a 75 per cent majority vote; and, second, over the past week, as both camps have tried to garner enough votes to block or push through a new Sikorsky/Fiat rescue requiring 50 per cent majority at a shareholders' meeting to be held on February 12.

The prime area of concern for the stock exchange, which until this week has kept a low public profile

throughout the affair, is the creation of a false market in Westland shares and the way in which share buying has been conducted.

The stock exchange now accepts that the false market is worthy of investigation since the premium prices offered bear little relation to Westland's parlous financial state or its prospects. Last month, Sir John Cockayne, Westland's chairman, declaring a pre-tax loss of £25m for the year ending September 1985, said his company was "on the brink of receivership".

Yet over the next few weeks, Rowe & Pitman, Westland's blockers, acting on behalf of unnamed buyers, purchased shares at up to 40 per cent and 50 per cent above the market. Rowe & Pitman dealt on behalf of Sikorsky/Fiat, offering 1.25p for two institutional share blocks amounting to 6.7 per cent of Westland 24 hours before the first extraordinary general meeting.

Rowe & Pitman argue that these prices were triggered by the entry of Mr Bristow. He was the first to offer big premiums to institutions, many of which had bought Westland shares at prices of around 15p last year when Mr Bristow launched, and then sharply dropped, an £80m City of London consortium bid.

Mr Bristow has countered pub-

licly by saying that his intervention was solely intended at forcing the Westland board to put the rival European consortium offer to a shareholders' vote, which it has refused to do.

Most of the buying has been aimed at flushing out institutional sellers, largely to the exclusion of the small shareholders. There is nothing technically wrong with this, though some institutions, notably M&G, the unit trust group, have voiced their disquiet publicly.

Nor is there anything necessarily wrong with the "special deals" in which buyers and sellers of large blocks of stock have been matched and bargains agreed by brokers at special prices.

These bargains have been technically "put through" the market, by channelling them through a jobber who takes a nominal turn on the deal and takes them through his book, thus exposing the transaction and its price to the market.

The double brokering is recent evidence of observers close to the transactions as compensation for the fact that these institutions have reduced pressure from the Europeans to sell at premium prices.

There are several other areas of concern both to the stock exchange and to the Takeover Panel, which has kept a close watch on events.

© Content partner after continuous investigation the panel has found that Hambro Trust is not acting in

tire before the next election, with 44 per cent disagreeing.

Some 20 per cent of Tory supporters also agree with this. For possible replacements, Mr Heseltine and Mr Norman Tebbit each received 25 per cent, though the Tory Party chairman is backed by 42 per cent of his own party supporters.

Among the electorate of Tory MPs no obvious successor has appeared. Mr Heseltine's melodramatic recantation on Monday was clearly intended to halt his increasing isolation, but he is not being thanked by his own side for upsetting the apple cart in the first place.

Mr Tebbit has his supporters, but also fierce opponents, as has Mr Peter Walker.

There is always Sir Geoffrey Howe, the perpetual safe pair of hands, while Mr Hurd has proved an articulate government spokesman in the crisis.

All this is, of course, speculative, since in all probability Mrs Thatcher will lead her party into the next election in late 1987 or 1988, although that no longer remains a certainty.

Finally, the affair has had an unexpected impact on the opposition party. Labour made much of the early running in the Commons but tripped up on Monday when Mr Neil Kinnock gave an inept performance, partly because of a rough ride from Tory backbenchers.

Lingering doubts that trouble Tories

THE SMOKING ROOM is stirring.

For all their public protestations of loyalty many Tory MPs remain unhappy about the implications of the Westland affair. They believe that, while the worst of the immediate row may be over, there will be continuing adverse impact on the Government and on Mrs Margaret Thatcher's own position.

There is no doubt that a number of senior ministers echoed the view of Mr Douglas Hurd, the Home Secretary, that Cabinet government should be seen to be a reality. Ministers, including some normally counted in Mrs Thatcher's camp, want a change in her style.

Indeed, one of the few points on which many ministers sympathise with the former Defence Secretary Michael Heseltine's lone stand has been his protest about the absence of full collective discussion of the Westland affair and in particular the cancellation of the December 13 meeting.

They argue that, if the dispute could have been properly aired then, Mr Heseltine would have had no cause to complain if he had been in a small minority, and then collective responsibility could have been maintained.

These ministers argue that in future such major issues should not be resolved in small specially formed groups at Downing Street or in often angry last-minute con-

frontations under Mrs Thatcher. Instead, they believe, such potentially divisive issues should be taken to the full Cabinet and argued out, with papers being circulated in advance.

However, it is doubtful whether such collective discussion will apply to financial issues since all Chancellors of the Exchequer, and Mr Nigel Lawson in particular, are keen to guard their prerogatives.

Tory MPs have generally accepted their stiffer attitudes towards Mrs Thatcher. Her grip has been seen to have faded. Indeed, Mrs Thatcher has herself admitted the allegation that prime ministerial power was not sufficiently in evidence during parts of the affair.

Consequently, much of the previous mystique of her dominance and decisive leadership has gone. It has been replaced by doubt and uncertainties - though nothing more at present.

But Tory MPs from all wings of the party, and not just the disillusioned and dissident, have been heard to wonder whether their party's prospects at the next election might not be better under a new leader. So far, this is only the talk of a few, but it is significant that the question is being raised.

What, therefore, has been indicated about the disclosure?

Moreover, a Harris Research survey for Channel 4 television news on Wednesday shows that most of the public do not believe the Prime Minister.

The survey suggests that 51 per cent think Mrs Thatcher should re-

turn before the next election, with 44 per cent disagreeing.

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Royal Ordnance to shed 831 jobs

BY LYNTON MCCLAIN

THE TOTAL of 831 jobs are to go at Royal Ordnance ammunition factories at Birtley and Chorley in the north of England.

The job losses are much worse than had been expected last week and were described by Royal Ordnance as "significant". The cuts come just five months before the Government hopes to privatise Royal Ordnance with a sale of shares, at a time when RO's order books are thinner than for several years.

Union representatives reacted angrily to the latest cuts. The Institute of Professional Civil Servants warned that, with poor order books, now was not the best time to achieve a "good price" for the company.

Mr Tom Burison, the Trades Union Congress north chairman, said the losses at Birtley and Chorley, "as part of an education of the other sites as well". RO said.

Mr Ferguson said the unions intended to fight the redundancies on the basis of a six-point plan which included a cut of 20 per cent of the workforce.

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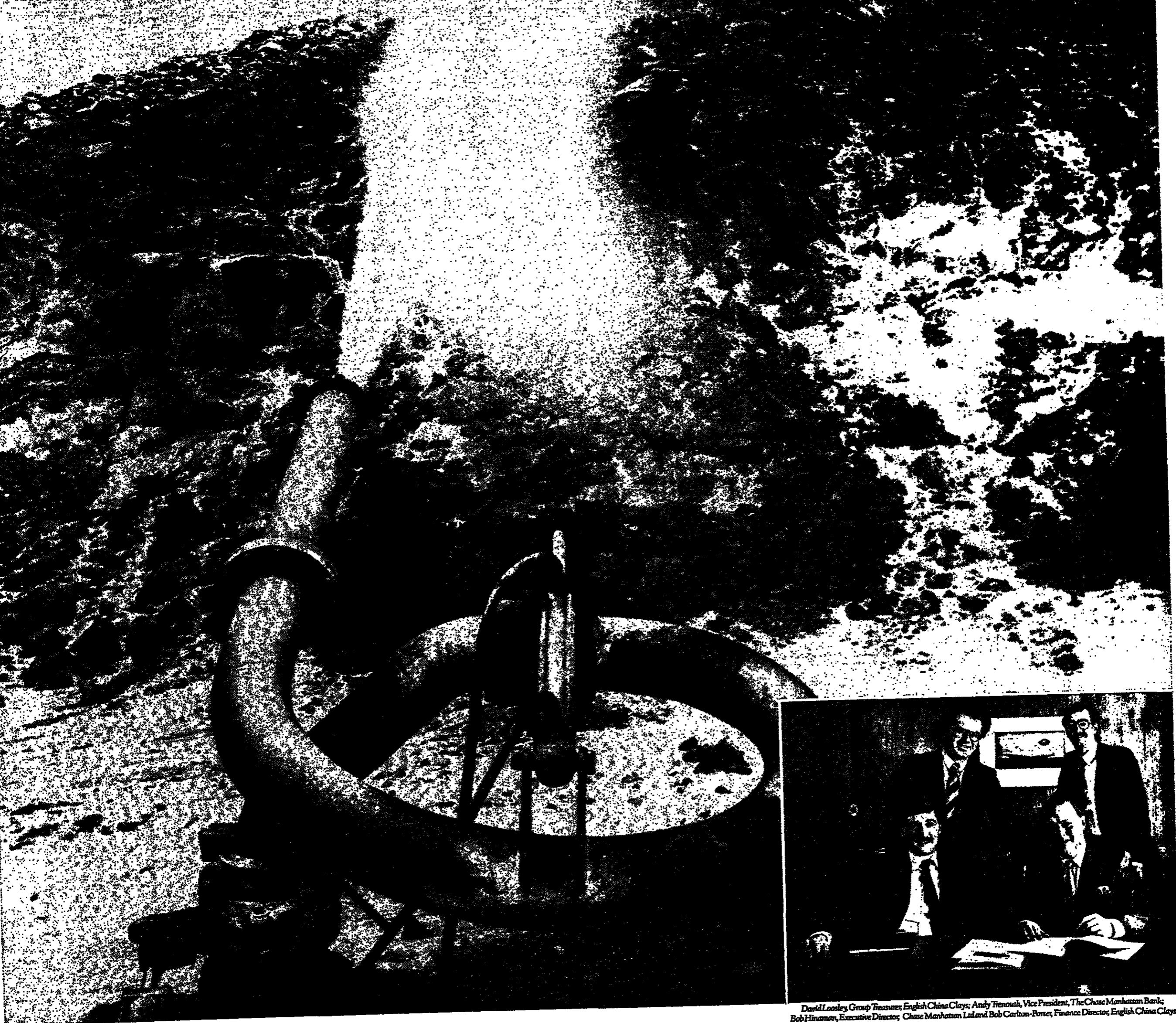
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"Chase and English China Clays. The Partnership grows."

Bob Carlton-Poole, Finance Director, E.C.C.



Hydraulic clay mining at St. Austell.

When English China Clays decided to tap an additional source of short term finance, and to benefit from the lower cost and flexibility of Euro-commercial paper, they turned to Chase.

It was a decision which resulted from their position as a major British multi-national, and Chase's position as a global financial intermediary.

For a worldwide market leader like English China Clays, a Eurocommercial paper program can provide a highly cost effective means of financing

continued growth and expansion.

The program arranged by Chase, will also enable them to meet a growing international investor demand for prime names.

It wasn't only because of a long and close working relationship together, that English China Clays turned to Chase. It was also because of Chase's track record as a participant in over 25% of all Eurocommercial paper issues since 1984; its inclusion in close to 100 tender panels and dealerships; and its position

David Loosley, Group Treasurer, English China Clays; Andy Trenouth, Vice President, The Chase Manhattan Bank; Bob Hinman, Executive Director, Chase Manhattan Ltd; and Bob Carlton-Poole, Finance Director, English China Clays.

as a market maker in over 50 issues. Of course they wanted the confidence of Chase's Euromarket distribution capability. A worldwide network, with sales teams in key financial centres, that adds up to sales of over \$1,000,000,000 a month, in short term Eurosecurities alone.

This is the Chase Partnership. A partnership based on mutual trust and innovation, and building towards a lasting commercial and investment banking relationship.

The Chase Partnership



A new private health plan specially designed for the self-employed.

'Group' discounts even if you work on your own



If you are self-employed, private health care should be important to you. Because, if you become ill, you'll want to get better quicker, be back at work quicker, back to earning money quicker.

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Some private health plans offer 'group' rates to businesses with upwards of 3 or 5 people. But the Health First Plan gives discounts to one self-employed person...you? Then, as your company grows the premiums reduce even more. Send for the Free Information Pack today. Just complete and post the coupon.

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Type of Company _____
Postcode _____

No of Employees (where applicable): 1-5 6-20 21+

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U.S. \$150,000,000

CHASE MANHATTAN OVERSEAS BANKING CORPORATION

FLOATING RATE NOTES DUE 1993

For the six months

31st January, 1986 to 31st July, 1986

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed as 5.5% per cent and that the interest payable on the relevant interest payment date, 31st July, 1986 against Coupon No. 16 will be U.S.\$41.16.

Agent: Bankers Trust Company of New York, London

David Lascelles on how one of the big banks is preparing for the City Revolution

A Big Bang gamble at Lloyds

WHEN the "Big Bang" restructuring of the City of London goes off on October 21, will Lloyds Bank be in front of or behind the starting line?

As the only UK clearing house to have gone into the City revolution on its own instead of by buying a stockbroker or a jobber, the black horse bank will be carrying outside odds. But as the details of its fledgling gilt operation unveiled yesterday showed, it is training hard.

Lloyds Merchant Bank (Government Bonds) (LMBGB) will be one of the 29 primary dealers recognised by the Bank of England to make markets in gilt-edged stock.

The rationale put forward by other banks for buying an existing stock exchange business is that it instantly brings experience, clients and a name in the markets - all essential in the relatively short space of time at their disposal.

Lloyd's, the smallest of the Big Four clearing houses, thought that was all too expensive and difficult, so it is developing all these itself. But Mr Robert Openshaw, LMBGB managing director, is keen to stress that this approach has more advantages than disadvantages.

The problem of blending together two existing firms, with all the personnel tensions that creates, does not arise. "Everyone here was recruited for a specific job. In the other firms, they have to share the job out," he said.

Mr Openshaw, who has been in the City nearly 20 years, mostly in gilts, was won over from Wood Mackenzie, the stockbrokers who are marrying up with Hill Samuel, the merchant bank, and whose gilt operation he was due to help set up.

For the six months

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Agent: Bankers Trust Company of New York, London

LLOYD'S BANK is to invest £25m in a new subsidiary which will become a primary dealer in the gilt-edged market to be launched next October with the "Big Bang".

Lloyd's is the only big UK bank which has not bought a stockbroker or jobbing firm in order to participate in the City revolution, which is producing new alliances between banks and London Stock Exchange firms.

The new subsidiary, Lloyds Merchant Bank (Government Bonds) announced yesterday, has been created internally from the existing resources of the Lloyd's Group, and by hiring individual dealers and specialists in the City markets.

Mr Robert Openshaw, its managing director, said Lloyds aimed to obtain 5 per cent of

client business in the gilt markets.

The Bank of England has re-organized 29 banking and securities groups from the UK and abroad to be primary dealers in the rescaled gilt-edged market.

They will have access to the Bank's dealing facilities but will be expected to help maintain orderly markets in UK government stock.

The £25m Lloyds is proposing to commit to the market is in the middle of the range set by other participants. Some have indicated an investment of £50m or more, but others will be investing less than £20m.

Lloyd's is building up its own securities business rather than buying one because of what it considered to be the excessive prices paid by banks for brokers and the high risks involved in the business.

He has hired a trading team of some 30 people whose numbers may rise by the end of the year.

Although Lloyd's has had to match the high salaries being offered in the City for dealers, he says most of his recruits came to Lloyd's because it was different, rather than for top pay.

The fact that they have not worked together as a team before does not concern him. "Things are going to change so much that even established dealers will have to prove themselves all over again after Big Bang."

Another advantage, he says, is that systems can be tailor-made for

the new company, and since there is not an on-going business yet, staff can devote themselves full-time to developing, right up to the last minute.

He concedes that the main disadvantage is that Lloyd's has no client base, which means it may lack the inflow of business and distribution of its rivals. But building one up is to be the next task. A video with graphic representations of the Big Bang is being shown to potential LMBGB's clients: institutions, pension funds and investors in the UK and abroad.

Others might say LMBGB also suffers from a lack of credibility. It

has no track record. Mr Openshaw agrees that at the start "we were 20 out of 20", but he maintains that with the unveiling of its plans and the growing perception of Lloyd's determination to be a major player in the markets, "we are now in the single figures".

The City thinks that Lloyd's is prepared to invest in what is widely expected to be an exceedingly risky business in about average among the 29 dealers.

Mr Openshaw says this should be enough to secure 5 per cent of the client business going through the market, the minimum he believes is needed to be a credible player. In a market turning over £200m a day, this means Lloyd's would be handling £10m.

At the moment, the market turns over £1bn and is growing at about 15 per cent a year. He expects client business to reach £1.2bn-£1.3bn next year. But in addition there will be several billion pounds worth of trading done simply among the dealers themselves, trying to make speculative profits. Total turnover could be anything between £10m and £15m, he suggests.

As for the most uncertain question - profits - "we have decided to ignore the first two years entirely. We are looking to the third year to make a profit. There is no pressure on us from above to make a profit and there is no pressure from below."

Mr Openshaw is less forthcoming about the possibility of losses. But he points out that, since Lloyd's has not spent large sums of money buying a broking firm, there is no compensation about justifying an expensive acquisition.

Britain backs joint European project for enriched uranium

BY DAVID PASHLOCK, SCIENCE EDITOR

BRITAIN is backing the idea of a joint European nuclear research programme, involving France, to develop a new way of enriching uranium for use in nuclear fuel.

Britain and France are at present members of rival commercial consortiums engaged in uranium enrichment.

Mr Alday said he saw a risk that the US could leap-frog Urenco with its new laser process, for which it had abandoned its big gas centrifuge. He said Urenco was the world leader in setting the price of uranium enrichment.

The new process, which uses lasers to separate the fissile uranium from the rest, has already been chosen by the US as the basis for its future commercial operations.

Mr Con Alday, chairman of British Nuclear Fuels (BNFL), the British shareholder in Urenco, told a House of Lords select committee yesterday that his company planned to expand its laser enrichment plant, research threshold, from about £2m, to between £5m and £10m next year.

Mr Alday said BNFL's German partners in Urenco were also taking an interest in the laser enrichment process. Urenco would like to build on the success of its tripartite research and development collaboration in EEC states, said Mr Alday, planned with the two French Research collaboration had been

Output of North Sea oil rises by 3.2%

BY MAURICE SAMUELSON

THE GOVERNMENT's latest monthly energy statistics show Britain's oil production continuing to rise steadily despite falling world prices for crude.

Between September and November, the UK's production of crude, mainly in the North Sea, reached 31.2m tonnes (25m barrels), 12 per cent more than in the corresponding months of 1985.

Some two thirds of production - just over 20m tonnes (16m barrels) - were exported without imports brought net exports of crude down to about half that quantity.

The table in the January issue of the Department of Energy's Energy Trends shows a 3.9 per cent rise in total inland energy consumption in a primary fuel basis compared

with the same months a year earlier. Electricity consumption was 3.6 per cent higher.

After several months of post-strike recovery by the coal industry, total national coal stocks at the end of November were about 35.5m tonnes, similar to the amount 12 months earlier. Power station coal stocks also stood at a similar level of 25.5m tonnes.

The recovery in the mines was also shown in the record productivity level of 3.62 tonnes (2.95 barrels) brought net exports of crude down to about half that quantity.

The table in the January issue of the Department of Energy's Energy Trends shows a 3.9 per cent rise in all-time low of 132,000,35,000 fewer than in the months at the end of 1985 leading up to the year-long miners' strike.

Philip Stephens examines the OECD survey of the UK economy

Prospect bleak for employment

UNEVENMENT in Britain is now almost as bad as during the depression of the 1930s, and the current problem appears more persistent and deep-rooted, the Organisation for Economic Co-operation and Development (OECD) says in a gloomy assessment of the outlook for the country's jobless.

Its latest survey of the UK economy, specifically focused on developments in the labour market since 1979, identifies the failure of wages to adjust to lower inflation and to soaring unemployment as being at the core of Britain's economic problems.

That failure effectively rules out the option of any general reduction of the economy to reduce the number of people out of work. Without greater wage moderation a stimulus to demand would be dissipated in higher inflation, the Organisation says.

Because the rise in the number of jobs over the past two years has been concentrated in part-time work, employment in terms of full-time equivalents is now effectively lower than in the 1950s.

The survey contrasts the downward pressure on wages resulting from higher unemployment in other developed economies with the much weaker impact seen in Britain where earnings have continued to rise strongly.

"In these circumstances, there is little that macro-economic policy can do to reduce unemployment," it says.

The OECD appears to accept the Government's argument that slow

er increases in real, or inflation-adjusted, wages would significantly improve the outlook for jobs. It is uncertain, however, over where the impetus for such moderation might come from.

The present Government has explicitly rejected any formal incomes policy and the survey does not look at the possibility of such a strategy.

The survey says that the evidence of the last few years suggests that the rate of change in the unemployment level in Britain may be as important as actual jobless total in moderating pay. "This suggests that much of the wage-restraining influence of unemployment may eventually disappear as the unemployment rate stabilises even if unemployment is very high."

The survey adds that measures to increase labour market mobility, tax changes to tilt the balance of incentives from capital to labour and amendments to the National Insurance system will also have a benefit.

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that the changes, however, will take time to make any real impact and the key question is whether the new realism among British workers would survive a return to full employment.

It is therefore necessary to improve the supply responsiveness of the economy, not only by the Government but also by the social partners, especially as North Sea oil production is near its peak."

The survey is sceptical, however, about the value of dismantling minimum wage legislation.

Over the short term, the OECD believes that the Government could do more to help particular sections of the jobless, especially in unemployment blackspots.

The Community Programme, which is directed towards the longer-term unemployed, seems particularly useful since the evidence suggests that these people do not play an important role in putting downward pressure on wages."

Demographic trends, which will result in slower growth of the labour force over the next few years, will also be more favourable.

The report concludes, however, that the wage moderation that is required if unemployment is to be reduced without a resurgence of inflation, depends on greater awareness of the links between wages and employment creation and further improvements in industrial relations and the labour market more generally.

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years will eventually help to improve the working of the labour market.

It says that the Government's trade union legislation, which has strengthened the relative position of employers vis-à-vis their workers and the unions, has eased the rigidities which have kept wages unjustifiably high.

There is a general feeling in the United Kingdom that more realism is emerging in the industrial relations area and this may be important in the longer run in leading to an improvement in labour market performance."

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Dear shareholder,

Among the financial results for the year, shareholders will be glad to see record earnings per share - 25.6p - and strong cash balances in excess of two hundred million pounds. In fact, everything's up, including - at last - the share price. Lonrho has had a good year.

The largest financial institution in Japan, Nomura, led a very successful convertible bond issue for Lonrho during 1985. We would like to be among the first British companies to establish stronger links with the great Japanese trading houses in the Pacific basin, and are researching opportunities to do so.

At the year end, pre-tax profits reached a new high of £158.3 million on a turnover of £2.6 billion. I am sure that shareholders will join me in appreciation of the sustained efforts which the Company has made worldwide. The vast majority of Lonrho's enterprises are growing individually, under enthusiastic long-term management. The Company welcomes shareholders, who, when they travel, take an opportunity to visit the estates, factories, and hotels of the Lonrho Group, in which they have invested.

Looking back over the year, I would highlight the excellent market progress of Volkswagen/Audi (U.K.). Sales of vehicles reached one hundred and twenty thousand. You may be less familiar with the name of Kühne and Nagel, the worldwide handlers and shippers, which has continued to make an astonishing recovery in the five years since joining the Group. The long-standing relationship between Kühne and Nagel and the countries of the Eastern bloc offers Lonrho many potential trading opportunities in future years, as trade between East and West is, in my opinion, on the brink of an expansion.

This year saw the conclusion of Sir Freddie Laker's claim against British Airways and other defendants in an out-of-court settlement in America. The happy association with Sir Freddie, which continues, has been and is of great value to the Group.

Lonrho has successfully led the financing of a 160 million U.S. Dollar development of the Ashanti mine in Ghana, which operates very productively with the strong support and encouragement of the Ghana Government. This input of additional capital will result in a production increase of fifty per cent., to over thirty thousand ounces per month, from one of the richest gold mines outside South Africa.

During the year, the Government of Mozambique invited your Company to study the recommissioning of several large scale agricultural estates, as part of the programme to revitalise the economy. Shareholders will be pleased to hear that the pipeline through Mozambique to Zimbabwe has operated peacefully and profitably through the year, and is now additionally carrying aviation fuel.

The nationalised tea estates in Tanzania were this year all returned to the Company, by a negotiated agreement which the Directors felt to be fair and satisfactory, and are once again under Lonrho management. Expanding in many countries, Lonrho continues to be Africa's largest food producer.

Over the twenty five years during which I have worked for your Company, the policy of continuous development and investment in Africa has proved a happy and rewarding one, in spite of the many forecasts to the contrary. Although Lonrho has expanded into the Americas and in Europe, yours is still the largest and most widely established Company on the African continent.

Reports of the various divisions of the Group follow, and outstandingly active sectors have been Hotels and Casinos and Mining and Refining, which I hope you will have the time to read. The Directors look forward to welcoming you at the Annual General Meeting on April 8th - a short film of the varied interests of the Lonrho Group is shown at 11.30 a.m., half an hour before the formal start of the proceedings, and new shareholders may find this a useful introduction.

MINING AND REFINING
For eight successive years we have increased platinum production. Further expansion planned for the end of this year will result in output of platinum group metals of 270,000 ounces, double that of 1981. Operating margins are excellent, and these will be further enhanced by the plant refining rhodium, ruthenium and iridium, and by the copper/nickel refinery just completed and now being commissioned. All these increases and improvements have been self-financed by funds generated from operations.

The present scale of platinum mining involves treating over 2 million tonnes

Shaft headgear - Western Platinum, Marikana.

of ore per annum and mining 120 acres of hard rock seam less than forty inches thick. In order to do this, twenty one miles of underground tunnels are blasted annually.

Group gold production has increased 5% to 419,000 ounces. In addition to the expansion at the Ashanti gold mine we are also increasing the production of three mines in Zimbabwe.

The first of two large shaft systems to exploit the extensive gold reserves of Eastern Gold Holdings, the major new mine partnered by the Anglo-American Corporation, has been completed to a depth of 7,400 feet. Production is scheduled for April 1987, and will rise to exceed 400,000 ounces of gold annually. We hold 36% in this important mine.

AGRICULTURE

The results of the Group's seven sugar estates continue to be restrained by the low level of world prices and severe transport problems in Malawi, where two large estates are situated. However, profitability has improved with markedly good performances being recorded by the Swaziland and Malawi operations.

In Malawi, the tea crop reached 4.6 million kilogrammes during the year, but there was a fall in the price of tea.

In Kenya, sales of waite extract amounted to over 4,700 tonnes. Other large-scale farming operations in East Africa are wheat, maize and seed maize crops, soya beans, coffee and coffee warehousing, root vegetables, dairy products and pork. In Zimbabwe alone sales from the herd were nearly 11,000 head of beef cattle. The total herd strength in Africa is now 110,000.

The farms and estates are so varied and widespread that they experience very different weather cycles, but it is possible to generalise to the extent of saying that rainfall - the critical factor in Africa - has been reasonable to good. We have recently reacquired a majority shareholding in the well-run Mufundi Tea Estates in Tanzania.

Kalangwa Estates in Zambia was affected by unfavourable weather conditions and the poor performance of the dairy division.

HOTELS AND CASINOS

Major hotels in the popular tourist destinations of Bermuda, The Bahamas, and Acapulco form the Princess Group, wholly-owned by Lonrho. The

Mount Kenya Safari Club - Kenya.

strength of the dollar caused some drift of American tourists to Europe this year, but nevertheless profits were excellent at U.S.\$37 million.

The tremors experienced in Acapulco as an effect of the Mexican earthquake did not injure the town or the Princess Hotel materially, and the company was able to assist in relieving hardship in the State of Guerrero by furnishing emergency supplies.

The policy of the Princess Group as a whole is to invest continuously in new facilities and up-grading, since our competitor for tourist business is the efficient hotel sector of the United States economy. This year a

number of new products were introduced this year, including a four-wheel drive Quattro option across the entire Audi range, and the desirable 16 valve Golf GTI and Scirocco.

The Group is also sole importer of MAN and Volkswagen commercial vehicles. Sales of MAN trucks were lifted by 40% compared to 1984.

V.A.G (U.K.) achieved a record year in terms of both profit and volume of passenger cars and parts.

The company increased its market share to just under 6%, to maintain its position as the leading importer of European cars.

MAN trucks from MAN-VW Truck and Bus - Swindon.

Deutz-Fahr is how imported by us to the United Kingdom, and customers are enthusiastic.

At Saville Tractors, the newly

acquired Case-I.H. industrial

equipment franchise is progressing.

In Kenya the Toyota, Mitsubishi

truck and Massey Ferguson franchises

all took the lead in their particular

sectors, with overall sales increased by 70%.

Power Equipment in Zambia has won

Massey Ferguson's world export award for sales of agricultural equipment.

Lonrho continues to be agents and

distributors in many countries in

Africa for Mercedes Benz, Toyota,

Peugeot, Volkswagen, Audi, British

Leyland, General Motors and several

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**DIG,
DIGGER,
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JCB
CONSTRUCTION
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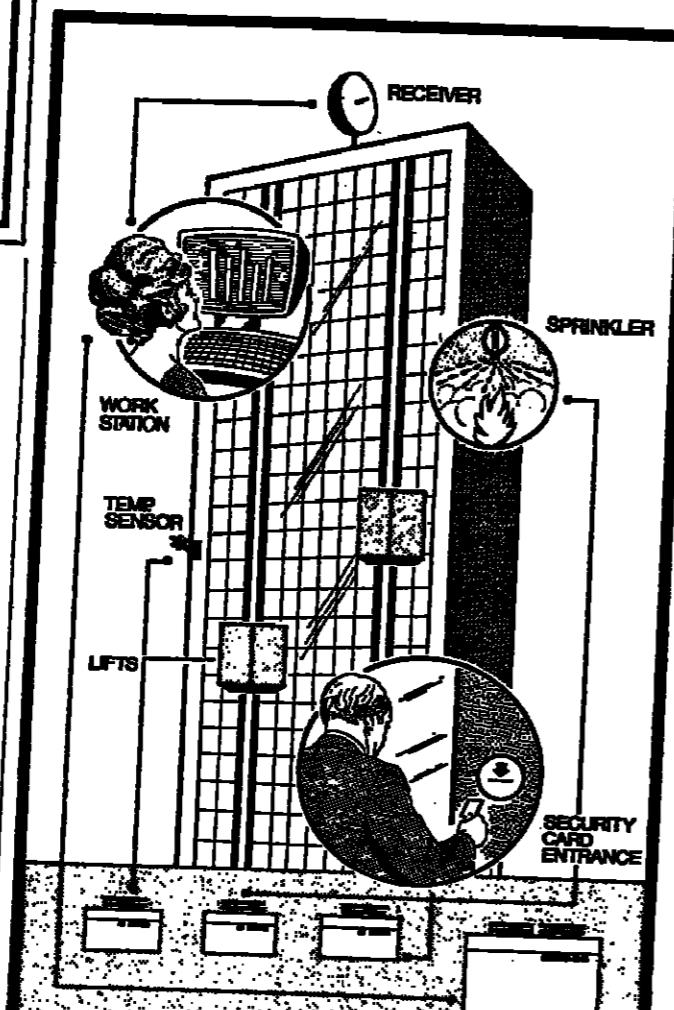
The cam switches to electronics

IN MANY kinds of machinery, particularly on production lines, cams are mounted on shafts and used to actuate switches in order to generate instructions, at particular angular values, for other devices associated with the equipment driven by the shaft.

But new cams for each application are costly. In addition, they can wear and are often difficult to adjust. Britten of Rotherhithe, London, has developed an electronic equivalent which allows the angular values to be set using a small keyboard and display.

The shaft's position is signalled to the programmer by a rotary encoder mounted on the end of the shaft. With this as a reference, the user can set values up to 32 angles at which start and stop signals are provided to associated machinery.

More on 61-237 5051.



How the smart building is equipped

TECHNOLOGY

Jane Rippeteau on the skyscrapers with electronic 'brains' and systems

High (rise) IQ

... or how buildings get smart

THE American Express Company is moving from one side of lower Manhattan in New York City to the other. But its relocation to the new World Financial Center is more than just a jump across several blocks. Everybody seems to agree that it is going to the smartest building on the block.

They are not referring to the marble-walled lobby. "Smart" means fitted with electronic brains and systems—which range from sensors— which sample the heat and lights to security turnstiles moved only by card-carrying employees.

But workers in this 2m sq ft tower will also be treated to a leading vision of the latest and sexiest component of the intelligent building: voice and data telecommunications. That is, in this case, will link workers' fingertips to those of colleagues across the globe.

"It's a fully-wired skyscraper," says one of the managers, Mino F. Akhtar, a director in American Express's corporate systems and technology unit. "Any workstation can have communication to the outside world."

She says: "It's a philosophical change in looking at data communications. We are treating these systems just as we treat all other utilities."

The building is designed for systems that will permit an employee in New York to send a letter, document or other data from a desktop computer or word processor to one across the floor or in locations from Bright to Hong Kong.

And there is a growing willingness to pay for such systems

plete the telephone-line links

station will be wired and advanced cabling will permit the connection of telephones and computers from a variety of suppliers. An Apple could talk to an IBM PC or to a Wang.

Also a local area network centre on each floor will allow a maximum of flexibility to employees. A manager or addition to staff can be accommodated by unplugging one connection and plugging in another.

"It's a patching facility," says Mino Akhtar. "In the event you would have to run a completely new line. This has been done in the phone industry all the time. Now we're doing it for data communications."

Similar installations are in the works for other buildings in the Center. Another occupant contemplates a link to a satellite earth station on Staten Island. Indeed, in New York and across the US, building owners are beginning to incorporate such capability.

And there is a growing will-

iness to pay for such systems

elsewhere. In Hong Kong, the

wired for dual communications. Yet the trend is accelerating.

"This will all be commonplace in five years," says Norman D. Kurtz, principal of New York City's Flack and Kurtz, one of the leading mechanical and electrical engineering firms in the US and a big participant in the market.

In the City of London the new Lloyd's building has automated building controls, computerised card-activated security and wiring pathways so that wires to connect computers can be installed later.

Lloyd's and the new Broadgate office compound under development in the City by a subsidiary of Stanhope Securities are the only new buildings in London that took voice/data communication systems into consideration from the early design stage, says William Sonwood of the engineers, Ove Arup & Partners. And the UK, he says, "is the leader in Europe."

Built-in voice data capacity is still the exception. Industry estimates point to fewer than 100 buildings in the US pre-

pared for dual communications. Yet the trend is accelerating.

"This will all be commonplace in five years," says Norman D. Kurtz, principal of New York City's Flack and Kurtz, one of the leading mechanical and electrical engineering firms in the US and a big participant in the market.

At CIGNA, the big American insurance company, communications specialists are studying a more cost-effective system that would permit cost-effective transmission from headquarters computers to remote locations—even to the home of independent insurance agents, for instance.

The company already has satellite links among three offices. These permit an agent writing a policy in Springfield, Illinois, for instance, to query a computer in Voorhees, New Jersey, from his desktop and have a reply in seconds.

"It is a proven technology," says Steve Zwart, assistant vice-president for data communications at CIGNA. Although, he says, "it is still the exception in our own network and among companies generally."

In cost terms, he says, the satellite technology is not effective unless a sufficiently large volume of data is transmitted. The distance is at least between 500 and 800 miles and the user plans to occupy the building long enough for installation to make sense.

The company sends its voice communication over an internal network and out on private lines to an AT&T switching centre where, under an AT&T service, it is combined with transmissions from other corporations for long-distance travel and then sorted out at the destination.

More prevalent are earlier incarnations of the smart building, these with automated building monitoring and controls (see story below). The temptation now is to link some or all of these systems into one grandioses smart building with a multipurpose data path, or "highway," and offer them as a package deal to occupants.

A joint venture between United Technologies and AT&T has on the concept of shared tenant services for voice/data communications. The idea was to install a single system of telephones, personal computers and a data highway into a property and then lease it to tenants; they would simply "plug in."

The venture, Shuretech, made 32 installations before calling it a day, says the chief executive.

Honeywell has just jumped with both feet into supplying a complete range of systems for buildings

David Grimes. The partnership is being dissolved, he says, because the business "did not meet expectations."

He is reluctant to specify why the scheme failed. But other industry watchers point to a desire by users to control their own systems and to make the most of the new-found flexibility inherent in telephone company deregulation and fast-changing technology.

A developer, James Llamas, vice-president of Reliance Development Group, says: "Some tenants coming into a building already have phones. Others don't want to buy your phone."

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In London, Peter Kershaw, director of Stanhope Securities, which is developing the Broadgate office complex, says: "It's best to let the tenant install what they want." At Broadgate, where Security Pacific and Shearson Lehman American Express will be moving into the first 500,000 sq ft, British Telecom and Mercury are installing lines, he says.

The variety of players and preferences shows that the best means of marshalling the components of the smart building of the future are still in a state of flux.

An office revolution that was fuelled by the energy crises

THE TREND towards smart buildings was spurred by the energy crises of the 1970s. Analyses sponsored by the US Government showed that about one-third of the energy used in the country was consumed by buildings.

Engineers were quick to meet the challenge of a new market. With energy-efficient motors, some alternative energy sources and, importantly, new micro-processor-based systems for monitoring and managing energy use, some remarkable cuts in consumption resulted. Now new commercial buildings in the US use between one and two-thirds the amount of those built before the energy crises.

Systems readily available include those which can sense outside air temperatures and then adjust heat and air conditioning. Some offices sport motion-activated lights that automatically go out after a person leaves a room.

Meanwhile, electronics spread through the building. Suppliers such as United Technologies, Honeywell, Johnson Controls and others harnessed the microchip to

Also, he says, the system offered may come with more features than a small tenant could afford. Still, Reliance, with 1m sq ft under construction, is considering a shared tenant service in at least one building.

Honeywell, a long-time competitor of United Technologies in building automation systems, is far from deterred. It has just jumped with both feet into supplying not just the voice/data system but the entire soup-to-nuts smart building.

Honeywell prefers the term "integrated building" and estimates that the market in

"It's best to consider each system on its merits and then buy the best for each application"

US alone will grow from 15 per cent of the \$2.2bn (£1.56bn) commercial buildings markets in 1985 to 40 per cent of a \$6.5bn market by 1995.

Honeywell has had test locations under study for some time. It has just underscored its commitment to the single-system concept by making an agreement with AT&T to use that company's multi-purpose "premises distribution system," or PDS, for building wiring. Honeywell will market a package built around the wiring for building controls, computers and communication.

Because it makes the hardware for all three components, Honeywell claims it can offer 10 per cent savings on installation and up to 20 per cent of like-cycle costs over a multi-vendor system.

Honeywell is not at a loss for admirers. The company "really has a competitive edge," says Mino Akhtar of American Express. As a main vendor in building control systems it was able to bring its own computer technology into this area, she says.

Not everybody agrees with a single-source approach. "It all sounds great," says Norman

Merrill Lynch and American Express reserved the right to choose their telecoms packages

Kurtz, the engineer. Yet his company is not advising clients against the package deals. "It is best," he suggests, "to consider each system on its own merit and then buy the best for each application."

On basic building systems, he suggests building automation controls might be linked with security or life safety systems, but that lifts should stand alone.

Voice/data communications should remain isolated because technology is changing far more rapidly in that sector and because "it is such a function of the needs of individual tenants," he says.

Merrill Lynch, investment bankers, and American Express came to that conclusion when negotiating their tenancy in the World Financial Center. While they and tenants in the compound's other building will have similar automation systems, each reserved the right to select their own telecommunications packages.

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The variety of players and preferences shows that the best means of marshalling the components of the smart building of the future are still in a state of flux.

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ITALIAN FINANCE

Sea of bureaucracy threatens success of Milan bourse

BY ALAN FRIEDMAN IN MILAN

THE MILAN bourse last year saw its main share index rise by more than 10 per cent, as new foreign investors play a key role in the bull run; and saw total market capitalisation rise from \$28bn to \$38bn in 12 months. But it is in danger of alienating the British and US institutions which have contributed to its rise.

The reason is sad—while Milan puts itself on the back for having gained the notice of the world in share settlement success, it is overloaded. Buses of delays of not weeks, but months, it is approaching chaos because of bureaucratic delays.

Foreign institutions have not halted their investment in Italian equities, but they have issued increasingly stern warnings to the Italian authorities, stockbrokers and banks. Delays in deliveries of share certificates have in some cases taken up to four months. Now, to compound matters, investors are encountering costly delays in an area which should be sacrosanct in any financial market—payments for share transactions.

Mr Giorgio Cefis, a London-based director of Morgan Grenfell and one of the most active merchant bankers on the Italian scene, did little to dispel the anger and frustration in his voice when he commented last week: "I would be very surprised if foreign fund managers will continue to be interested in Italy if this situation is not dealt with."

The settlements problems in Milan are attributable to several factors. Reduced to simple terms, these concern an antiquated and inefficient clearing system in the throes of an unprecedented rise in trading volume.

To appreciate the complexity of the problem, try to follow this simplified chain of events concerning the hypothetical purchase of one million shares in Italian company X:

- A fund manager in the City of London telephones a Milan stockbroker and orders one million shares in company X.

- The Milan broker executes the purchase.

- Assuming the foreign buyer does not want physical delivery of the shares, the buyer must now arrange for a local agent bank to open a custodian account where the shares will be registered.

- The Milan broker goes to the local branch of the Bank of Italy, which acts as the main clearing house for Italian stock markets.

- The Bank of Italy's local clearing room—the "Stanza di Compensazione"—must process the shares and deliver them to the local agent bank.

- The bank must register the shares in the name of the foreign investor.

A year ago, this string of operations took around 20 days to accomplish. The same operations can now take several

months. The settlement problem is having an impact. Foreign investors will accept uncertainty about share prices or about corporate performance, but not about payment," explains Mr Cefis. "And this must be understood clearly by the Italian authorities."

A partial solution to the problem would be found if legislation to streamline the settlement system were approved by Parliament in Rome. The legislation, which represents the efforts of the Bank of Italy and Consob, has been languishing for nearly eight months. It would empower a Milan-based share depository called Monte Titoli (literally "share mountain") to spring into action.

Monte Titoli is owned by 48 Italian banks, including the Central Bank. Founded in 1978, it was equipped with software and an automated underground vault premises in a quiet residential street not far from central Milan. It did not begin operating until 1982 and in the absence of legislation has not yet fulfilled its original goal of complementing the work of the Bank of Italy's clearing rooms and of the custodian banks.

Mr Dino Abbrescia, director-general of Monte Titoli, says that to date his company holds only 4 per cent of the shares in circulation in Italy. The rest are at banks and at the quoted companies themselves.

Mr Abbrescia says that when shares are transferred, the old shareholder's name must be cancelled out by pen and a new name filled in on one of three pieces of paper, each of which has space for 10 names. After 30 transactions, the share certificate looks pretty mouldy and is replaced.

The pending legislation in Rome would also be a step toward an electronic clearing system for shares. But Parliament has many other matters to deal with, not least approval of the Government's 1986 budget.

Thus the settlement question remains unresolved and with each passing week causes greater frustration for foreign investors in Italy. It is difficult to understand how the Italian authorities and Parliament can allow the situation to deteriorate further, and yet there is no sign of relief.



This announcement appears as a matter of record only.

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January, 1986

NOTICE OF REDEMPTION

APS Finance Company N.V.

US\$25,000,000
16% Guaranteed Debentures
Due 1989

Notice is hereby given that APS Finance Company N.V. has elected to redeem all of its outstanding 16% Guaranteed Debentures Due 1989 (the "Debentures") on February 15, 1986, at a Redemption Price of 101% of their principal amount, together with accrued interest to such date.

On February 15, 1986, the Redemption Price will become due upon all Debentures, and interest thereon shall cease to accrue on and after such date. All Debentures, together with all compound interest thereon, shall be paid on or after February 15, 1986, at or to the registered holders of record of the Debentures at the Corporate Office of Bankers Trust Company in the Borough of Manhattan, New York, New York, or at the main offices of any one of the following Trust Companies in London, 2) Bankers Trust Company, 3) PaineWebber Bankers Trust GmbH in Frankfurt am Main, 4) Bankers Trust, A.G. in Zurich, 5) Banque de Belfort S.A. in Paris and 6) Banque Industrie Luxembourg in Luxembourg. Payment of the Debentures will be payable on or after February 15, 1986 at any one of the paying agents listed above.

This redemption is to be carried out pursuant to the provisions of the sixth paragraph of the form of Debenture, and all conditions precedent to redemption pursuant thereto have occurred.

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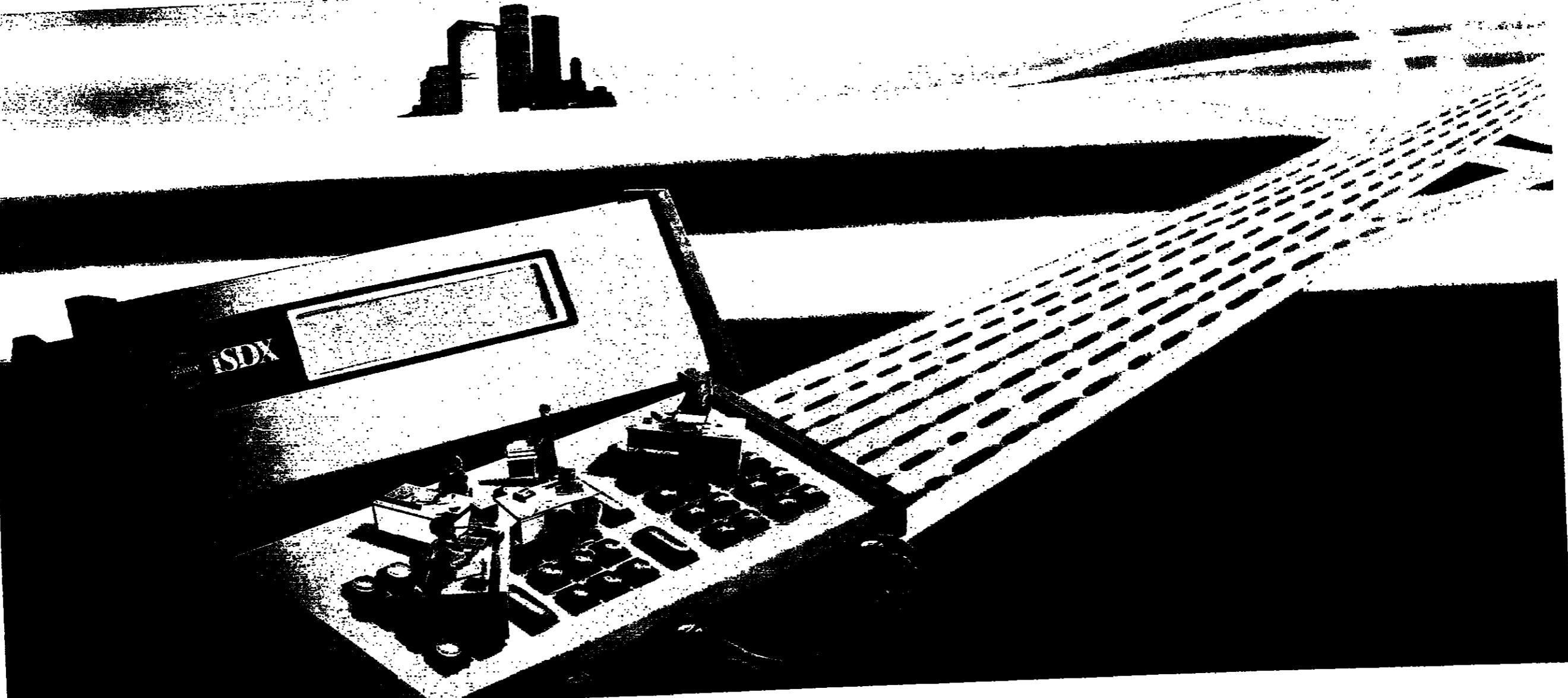
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PLESSEY

Technology is our business.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

COUNTLESS European computer software companies have tried to break into the world's most lucrative market — the United States. Like their counterparts in other European industries, many have started promisingly, only to hit hard times: the long list of sufferers includes such former high flyers from Britain as Logica, Micro Focus and Altergo, together with the French organisation Cisl.

One of the few to be still pushing ahead successfully is a French company with the suitably space-age name of Cap Gemini Sogefi. It was already Europe's largest soft-

ware house before last month's \$36m acquisition of the consulting division of CGA Computer Inc, one of the dozen of America's computer services industry.

By doubling Cap Gemini's US business, the new deal will this year put the company in the enviable position of generating a third of its FFr 3bn-plus revenues in

America, with the remainder split evenly between France and the rest of Europe. A quarter of the group's 6,000 employees are now in the US.

Even by the standards of the big French computing services companies, Cap Gemini has always had a certain gloss and sparkle. It is proud, elitist, almost arro-

gant. Its articulate, charismatic vice-chairman, Philippe Dreyfus, has for years preached the gospel of professional software engineering. He argues that many companies which claim to be computer software organisations are no such thing at all but merely part of their respective industries — oil, the motor trade or whatever.

Only companies like Cap Gemini can be considered members of the true software industry, he claims. By its single-minded devotion to developing methods and tools for writing better, more accurate, software, he says his company is breaking down the barriers which have prevented lesser organisations making the best use of computers. It is an attitude which finds favour in France, especially within the Government, where software skills are equated directly with pure intellectual effort and much prized.

Many of the big French software houses owe their success to substantial government backing and patronage. Cap Gemini has certainly had its share of patronage, but still values its independence in all sorts of ways.

Much of its success is said to be due to its simple management strategy: it concentrates on what it can do best — professional software engineering — and wastes little time arguing about whether it should be selling computer hardware, applications packages or bureaux services — all of which have diluted the effort of many other software houses. It articulates this philosophy continuously to its employees.

AC

Management abstracts

Sex Differences in Work Stress. T. D. Jick & L. F. Mitz in Academy of Management Review (US) July 85 (124 pages)

Reviews evidence from research studies of stress at work which show that women tend to suffer from higher rates of psychological distress while men are more prone to severe physical illness. Attempts to explain these gender differences, but suggests that there are gaps, ambiguities and inconsistencies in the research evidence, which raise more questions than are answered.

Educational liaison. C. L. Marsden and others in Basic Journal (UK), July-August 85 (72 pages).

Three linked articles: (1) explaining the thinking behind BP's involvement with schools and colleges, particularly its "school link" scheme under which about 200 schools near to company centres are attached for purposes such as teacher secondment; (2) outlines ways in which the Department of Trade and Industry is promoting links between industry and education through research, installing units in schools, and Industry Year 1984; (3)

examines the school/industry links being co-ordinated by the Slough Schools/Industry Partnership; notes the activities it has sponsored, and offers the thoughts of a comprehensive school headmaster who was seconded to the ICI Paints Division for six months.

Training the counsellors. M. Parkinson in Education and Training (UK), May 1985, September 1985 (4 pages). Refers to the establishment in 1980 by Queensland's Department of Education of a confidential counselling and referral service for its employees to help them with financial, alcohol, drug, nervous, marital, and family problems. Points to the service's confidentiality and voluntary nature, and gives two examples of it in action: an awareness programme for supervisors (to publicise the service) and seminars on stress management for teachers.

Apart from its own management endeavours, the biggest influence on Cap Gemini's health is arguably IBM, since about 60 per cent of its clients are IBM users. Its relationship with the US giant is a mixture of competition and collaboration, "which generally works quite well," according to Cap Gemini's attitude towards government contracts — which contribute a fifth of the group's total worldwide revenues — that they should not be allowed to impede the company's commercial objectives, says Ugander. In the past the company has turned down involvement in French government software engineering research projects because of stipulations that all the work be carried out on French-made hardware.

Over SDI, however, Cap Gemini believes it can make out a good case for participation not directly then through subcontracting links with US group. "I don't see any reason why IBM should be kept out of Europe," says Ugander. "And I don't see why we should be kept out of SDI."

DM

An 'intellectual' style of service

CAP GEMINI SOGETI likes to think it is as much at home in Chicago, Gothenburg or Munich as in Paris or Toulouse.

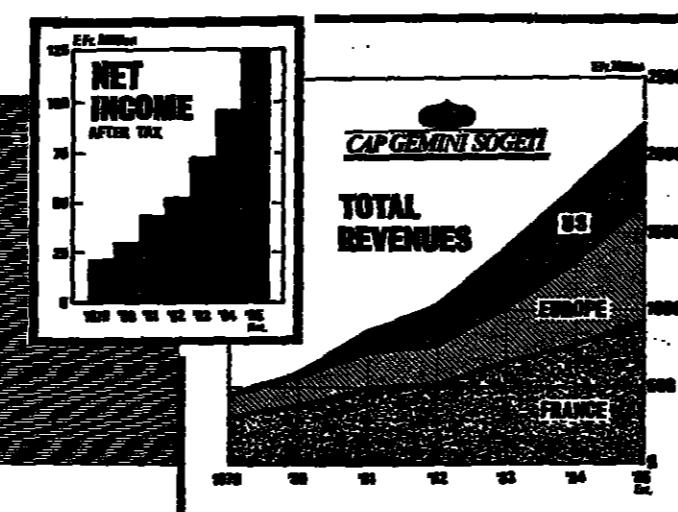
The takeover of CGA will propel Cap Gemini into the first division of US computer service companies. With total turnover on the US market expected this year to rise to around \$125m, Cap Gemini now ranks itself in the same bracket as US companies such as Computer Task Group, Computer Horizons and ACS, although it will lag a long way behind competitors which embrace both hardware and software, such as Computer Sciences, EDS and the computer offshoots of large concerns such as Boeing and Martin Marietta.

Cap Gemini's move to build up muscle in the US — where it made its first entry only seven years ago — has accompanied break-neck expansion in Europe over the past decade.

Last year's estimated revenues of the Cap Gemini group, spread around nine European countries and the US, was FFr 2.2bn, with net profits of roughly FFr 120m making it by far the most profitable of France's cluster of high performing software companies.

The flotation of 10 per cent of its capital in June was one of the year's biggest successes on the unlisted section of the Paris stock market.

Under Serge Kampf, who founded the company in 1967 and remains the chairman and leading shareholder, the group has built its 10-fold expansion over the past decade on a mixture of decentralised management, close contact with the market place and firm overall financial control.



Cap Gemini concentrates all its efforts on providing data processing users with what it calls "intellectual services" (all opposed to manufacturing, sale or rental activities). This covers consultancy work and technical assistance, designing engineering solutions for computer systems and developing software packages. Areas of activity range from computerised manufacturing and banking systems, to providing software systems for French communications and observation satellites, and for the Ariane space rocket.

Among the company's roll-call of top 30 customers are IBM, Merrill Lynch, American Telephone and Telegraph, Banque Nationale de Paris, Esa, Aerospatiale and the French atomic energy and space agencies.

"We are not a product company, we are a service company," says Ugander, emphasising how closely his field managers and engineers stay in touch with customers — in 10 years' time. I'm spending more time evaluating ideas coming up from our branches."

"People often ask us how big

its marketing department we have. Some of our competitors have 20 or 30 people. We have none."

Though the CGA takeover will give Cap Gemini what Berty calls "greater recognition" on the US market, he admits that the integration of activities and pooling of staff will be time-consuming: it will involve closing 11 offices. Two-thirds of CGA's activities are being merged with Cap Gemini's under the takeover, with the other third — involving software products — being sold to a US company, Computer Associates.

Cap Gemini already had its eye on CGA when it decided to step up its presence on the US market in 1981. The company then decided to acquire the DASD concern — believing that the price of the then publicly quoted CGA would be too high. CGA was subsequently bought by one of its founding shareholders, enabling Cap Gemini and its investment banking advisers, Lazard Frères, to agree on what they believed was a reasonable acquisition price.

Cap Gemini hopes its US marketing department we network will gradually evolve into the sort of structure built up in Europe, where different semi-independent parts of the group can call on others for technical help in specialist fields.

The company's Gothenburg office, for instance, has become "very strong" in production control as a result of contracts with Volvo and SKF, says Ugander. Similarly, the Sogefi Ugander branch has built up special competencies in offshore oil drilling systems.

In the US, the combined Cap Gemini/CGA operations in the Chicago/Milwaukee area, grouping 300 people, form a similar "pole" of expertise in manufacturing.

Berty says managers in its New York/New Jersey offices (with 450 employees), Cap Gemini's strongest implantation) would be expected to call on assistance from the Middle West in connection with consultancy work on production systems.

One of Cap Gemini's particular strengths is in videotex, where it has helped build up the French telephone directory system, the mainstay of the nationwide Minitel videotex network. Berty says Cap Gemini is also planning an American launch for French technology for banking payments systems which are based on "smart" memory-containing cards, a device invented in France.

Apart from its own management endeavours, the biggest influence on Cap Gemini's health is arguably IBM, since about 60 per cent of its clients are IBM users. Its relationship with the US giant is a mixture of competition and collaboration, "which generally works quite well," according to Cap Gemini's attitude towards government contracts — which contribute a fifth of the group's total worldwide revenues — that they should not be allowed to impede the company's commercial objectives, says Ugander. In the past the company has turned down involvement in French government software engineering research projects because of stipulations that all the work be carried out on French-made hardware.

Over SDI, however, Cap Gemini believes it can make out a good case for participation not directly then through subcontracting links with US group. "I don't see any reason why IBM should be kept out of Europe," says Ugander. "And I don't see why we should be kept out of SDI."

In a move which provoked criticism from some other Euro-

U.S. \$100,000,000
The Sumitomo Trust Finance (H.K.) Limited
(Incorporated in Hong Kong)
12.5% Guaranteed Notes Due 1992



NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes, US \$2,000,000 principal amount of the Notes has been drawn for redemption on 4th March, 1986, at the redemption price of 101% of the principal amount, together with accrued interest to 4th March, 1986. The serial numbers of the Notes drawn for redemption are as follows:

1 1380 2705 3974 4556 5205 6266 6908 7638 8402 9551 10700 1120 12636 13479 14567 15612 16596 17964 18876
45 1444 2870 3881 4582 5237 5974 6613 7239 8482 9560 10723 11304 12044 12858 13589 14387 15186 16005 16925
65 1471 2948 3913 4605 5354 6308 6917 2662 8496 9634 10754 11354 12650 13592 14639 15706 16788 18005 18922
277 1489 3024 3936 4548 5371 6382 6972 7752 8497 9639 10763 11478 12725 13575 14646 15755 17030 18026 19014
370 1570 3106 3973 4719 5400 6390 7003 7756 8502 9704 10806 11499 12741 13720 14677 15825 17053 18060 19038
411 1613 3282 3978 4722 5466 6463 7105 7758 8582 9723 10852 11511 12771 13753 14781 15862 17054 18361 19046
537 1686 3291 3985 4739 5506 6471 7131 7765 8803 9756 10899 11560 12803 13752 14919 15983 17112 18467 19316
680 2013 3319 4141 4762 5704 6544 7171 7839 9050 9870 10937 11598 12844 13799 14942 16010 17233 18478 19346
749 2159 3337 4129 4752 5753 6574 7205 7865 9051 10112 11024 12074 13273 14318 15421 16512 17512 18400
844 2234 3409 4101 4729 5728 6590 7238 7904 9094 10102 11023 12094 13293 14392 15491 16592 17591 18486
830 2432 3449 4171 4809 5827 6653 7208 7847 9198 10129 10902 12291 13022 14018 15176 16269 17387 18363 19280
854 2444 3452 4270 4837 5856 6662 7419 8093 9223 10133 11002 12371 13129 14183 15206 16328 17392 18469 19711
927 2485 3575 4319 4963 5942 6682 7435 8163 9278 10254 11022 12297 13033 14018 15176 16269 17387 18363 19280
1062 2550 3593 4322 4975 6021 6729 7480 8179 9294 10268 11022 12371 13129 14183 15206 16328 17392 18469 19711
1092 2577 3664 4347 5005 6065 6755 7484 8282 9477 10327 1120 12361 13243 14353 15489 16511 17515 18794 19817
1126 2640 3719 4352 5136 6067 6763 7507 8311 9516 10373 1128 12371 13273 14382 15450 16511 17515 18794 19817
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1361 2784 3830 4517 5281 6262 6870 7577 8401 9535 10425 11283 12527 13448 14544 15612 16333 17391 18863 19816

On the 4th March, 1986, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 20th February, 1986 to 4th March, 1986 amounting to US \$24.55 per US \$1,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue. Payment of the Notes to be redeemed will be made on or after 4th March, 1986 upon presentation and surrender of those Notes with all coupons appertaining thereto, to the office of any of the Paying Agents mentioned thereon. After 4th March, 1986 US \$25,000,000 principal amount of Notes will remain outstanding.

The Chase Manhattan Bank, N.A., London,
Fiscal and Principal Paying Agent

31st January, 1986

NOTICE OF ADJOURNMENT OF SCHEME MEETING

IN THE SUPREME COURT OF SOUTH AFRICA
(Witwatersrand Local Division)

In the matter of the application of:
FREE STATE GEDULD MINES LIMITED
Registration No. 05/26324/06

Notice is hereby given that the meeting of members of Free State Geduld Mines Limited to consider and if deemed fit to approve a Scheme of Arrangement between the company and its members, commenced on Tuesday, January 28 1986. Because insufficient time was available to afford a number of persons who desired to ask questions a reasonable opportunity to do so, the meeting was, on the motion of a member supported by a majority of the members present, adjourned until 09h00 on February 11 1986 at the same venue, namely 44 Main Street, Johannesburg.

Upon the motion of Counsel for the Applicant before the Honourable Mr. Justice R. J.

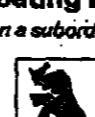
Goldstone it was ordered on January 29 1986 that—

"In order to avoid uncertainty at the adjourned meeting of shareholders of the Company Act, 1978, it is declared that only persons who were entitled to attend and vote at the meeting which was convened for January 28 1986, will be entitled to attend and vote at the adjourned meeting."

K. C. SIMON
Chairman of the Scheme Meeting pursuant to the Order of the Supreme Court of South Africa (Witwatersrand Local Division),
c/o: WEBBER, WENTZEL & CO.
11th Floor
Standard Bank Centre
78 Fox Street
JOHANNESBURG
January 31 1986.

Grindlays Eurofinance B.V.
U.S.\$100,000,000

Guaranteed Floating Rate Notes 1994
Guaranteed on a subordinated basis by



In accordance with the provisions of the Notes, notice is hereby given that for the interest period 3rd February, 1986 to 4th August, 1986 the Notes will bear an interest rate of 8 1/4 % per annum.
The interest payable on the relevant Interest Payment Date, 4th August, 1986 against Coupon No. 4 will be U.S.\$417,000.

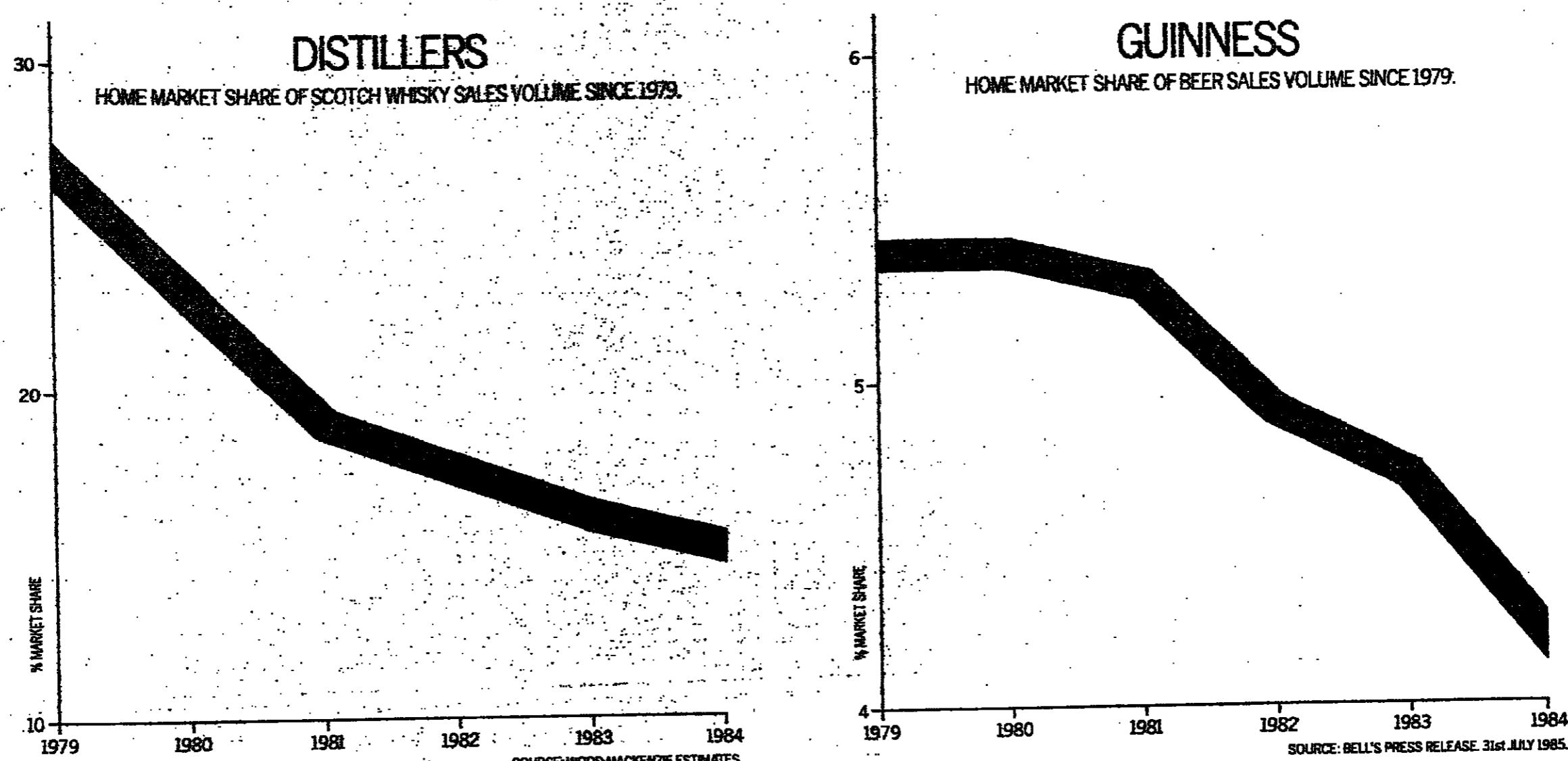
Agent Bank
ANZ Merchant Bank Limited
formerly Grindlays Brandt Limited

Chattell Jalise

10 MARCH 1986

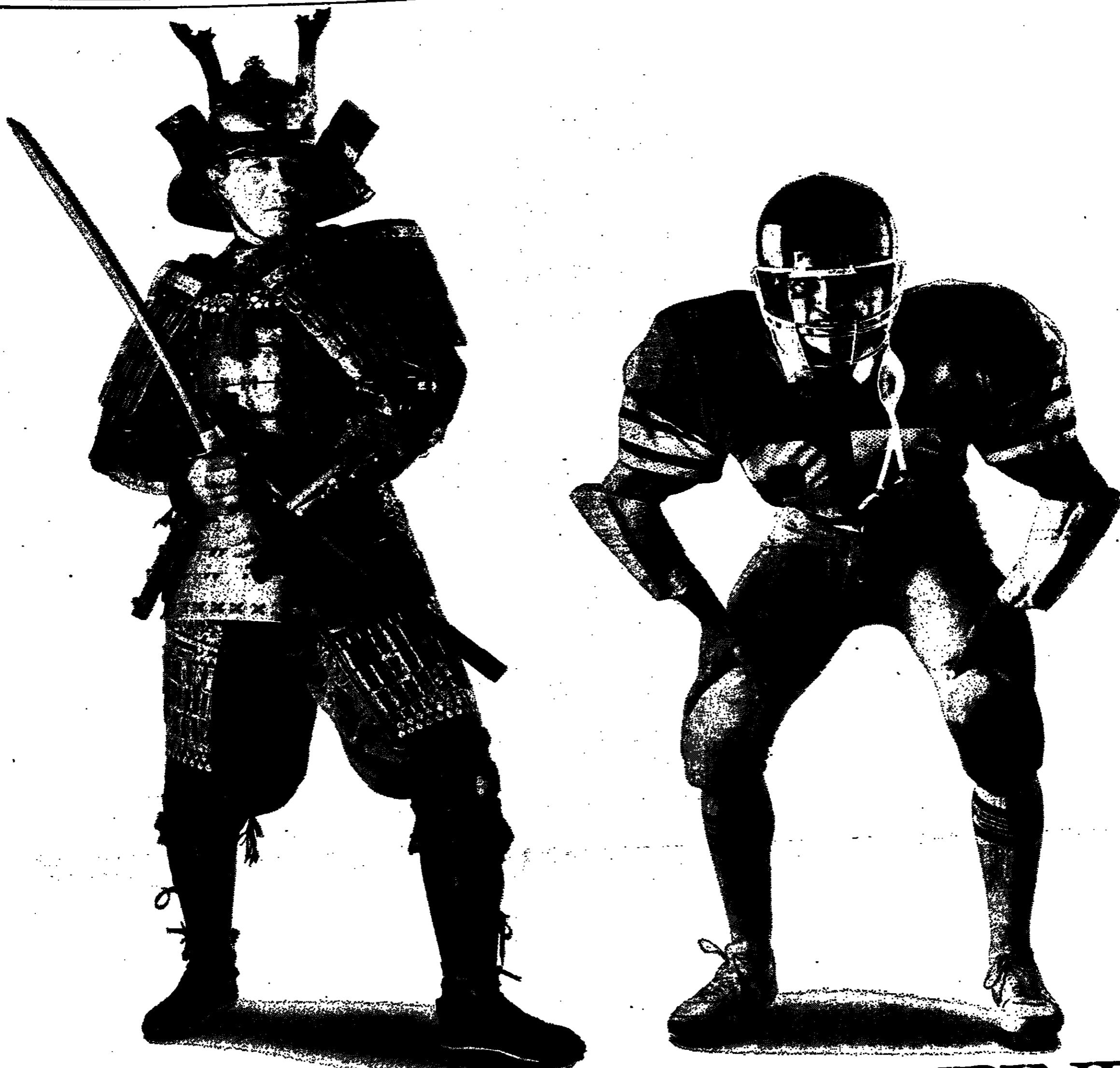
NOTICE IS HEREBY GIVEN that the Board of Directors has declared

THIS ADVERTISEMENT IS PUBLISHED BY SAMUEL, RONIGU & CO. LIMITED, CHARTERHOUSE JAPET PLC AND NOBLE GROSSART LIMITED ON BEHALF OF ARGYLL GROUP PLC.
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You can see
why Distillers
feel at home
with Guinness.

Argyll. We can revive Distillers' spirits.



IT WILL TAKE OUR COMBINED STRENGTH TO DEFEAT ADVERSARIES SUCH AS THESE.

The international drinks industry is the lair of titans.

Anheuser Busch, Seagrams, Kirin, Suntory. These are the giants that will be fighting to dominate the drinks business in tomorrow's world.

And as each has its own thriving domestic brands, they won't be wearing Scotland's favours in battle.

So, if Scotch Whisky is to continue to compete, it needs a strong champion of its own.

It is for this reason, more than any other, that our offer for Distillers makes so much sense.

Our joint enterprise will give Britain a representative amongst the top four of the international drinks business.

It is also a rare dovetail of corporate talents.

On the one hand, Distillers have an unrivalled range of world famous brands.

On the other, we at Guinness have a management team with unrivalled experience in the international marketing of prestige drinks.

By careful targeting we can position our household names to complement one another, rather than compete.

Britain's recent industrial history is a catalogue of international opportunities missed.

Help us redress the balance. Support the Guinness Distillers bid.

GUINNESS PLC

Guinness and Distillers. A stroke of genius.

This advertisement is published by Morgan Grenfell & Co Limited and The British Linen Bank Limited on behalf of Guinness PLC. The Directors of Guinness PLC are the persons responsible for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of Guinness PLC accept responsibility accordingly.

THE ARTS

New Issue

January 30, 1986

Federal Farm Credit Banks Consolidated Systemwide Bonds

7.75% \$1,000,000,000
CUSIP NO. 313311 PS 5 DUE AUGUST 1, 1986
Interest on the above issue payable at maturity

Dated February 3, 1986 Price 100%

The Bonds are the joint and several obligations of The Thirty-seven Federal Farm Credit Banks and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not Government obligations and are not guaranteed by the Government.

Bonds are Available in Book-Entry Form Only.

Federal Farm Credit Banks Funding Corporation

90 William Street, New York, N.Y. 10038

Peter J. Camey
President

This announcement appears as a matter of record only.



Arts Week

F | S | Sa | M | Tu | W | Th

31 | 1 | 2 | 3 | 4 | 5 | 6

Opera and Ballet

LONDON

English National Opera, Coliseum: Jonathan Miller's "drama-in-the-theatre" production of *The Magic Flute*, first put on at Scottish Opera, is now taken on at the Coliseum, with only a single member of the original cast, Benjamin Luxon, as a wonderfully warm, intelligent and funny Papageno. Peter Robinson conducts, and Malwina Davies, Susan Bullock, Sean Ralfe and Niamh Christie take other leading roles. Further performances of the largely disappointing *Rosamund* follow in a slightly updated production by Keith Warner, and not very well sung, but still worth attending for the splendour of the work itself. (6361511).

Royal Opera House, Covent Garden: La Fille mal garde with Fernando Bujones as guest artist—an event of more than passing interest.

PARIS

La Traviata alternates with a Ballet Spectacle, Un Jour sur Deux, in Merce Cunningham's choreography, and Washington Square in Rudolf Nureyev's choreography. Paris Opera (4742750). Sacred Dance of Basilia. Children

dress up, made up, crowned with flowers and act and dance episodes of *Krisztina's life*. Maison des Cultures du Monde, 101 Bd Raspail (45447230).

dressed up, made up, crowned with flowers and act and dance episodes of *Krisztina's life*. Maison des Cultures du Monde, 101 Bd Raspail (45447230).

WEST GERMANY

Berlin, Deutsche Oper: Don Giovanni, conducted by Heinz Holliger, has fine interpretations by Lucy Pescos, Lenore Carboni and Donald Grotz. Die lustigen Weiber von Windsor has a strong cast, with Patricia Johnson, Gudrun Steiner, Norma Sharp and Gunther von Kämen. Lucia di Lammermoor has Angela Denning in the title role.

Hamburg, Staatsoper: Il Trovatore is respectable, with Rosalind Plowright, Stefania Tocino, Giorgio Zancanaro and Carlo Consalvi. This week's highlight is Lohengrin, starring Helmut Koller in the title role.

Munich, Bayreuth Staatsoper: The week of contemporary operas starts with Werner Egk's *Peer Gynt*. It has Astrid Varnay, Cheryl Studer and Helene Jungwirth in the main parts. Further offered are Lohengrin and *Die Entführung aus dem Serail* and *Il Barbiero di Siviglia*.

Cologne, Opera: Cimarosa's rarely played *Die heimliche Ehe* brings together Jamie Hall, Adelina Scarabelli and Alberto Bimbi.

Munich, Bayreuth Staatsoper: The week of contemporary operas starts with Werner Egk's *Peer Gynt*. It has Astrid Varnay, Cheryl Studer and Helene Jungwirth in the main parts. Further offered are Lohengrin and *Die Entführung aus dem Serail* and *Il Barbiero di Siviglia*.

Royal Opera House, Covent Garden: La Fille mal garde with Fernando Bujones as guest artist—an event of more than passing interest.

NETHERLANDS

Amsterdam, Schouwburg: Noem of the plant from the Shamus and Domm Dance Theatre (Tue). (111122).

SPAIN

Barcelona, Schubert: Lohengrin starring Siegfried Jerusalem, Pilar Lorengar, Franz Ferdinand Nentwig, Eva Karin

and Leonor Mitchell as Delila and Jon Vickers in the title role.

The week includes Romeo et Juliette with Catherine Malfitano and Neil Shicoff in the title roles, conducted by Sylvain Cossmann, as well as Neeme Jarvi conducting the last season's performance of *Elisir d'amore*, with Natalie Romi as Emma, Florence Quivar as Maria and Wielaw Ochman as Prince Goltyra. Lincoln Center (3628000).

TOKYO

A Masked Ball: Fujisawa Opera Company, directed by Yasujiro Aguni, conducted by Armando Gatti. Tokyo Bunka Kikan (3715364: 3687800).

NETHERLANDS

Amsterdam, Concertgebouw: Piano recital by Brigitte Engerer (Tue); Bernard Haitink with the Concertgebouw Orchestra and Mariss Jansons, violin, Shlomo Mintz, piano, (Wed, Thur); Ricard Halk, Amsterdam String Quartet, Drottk, Britten, Brahms (Tue); Joan Bakker, violin; and Bob Mann, piano. Eindhoven, Van Eycken, Badings, Schlegel (Thur). (718545).

Utrecht, Vredenburg, Leo Ferri, chansons (Tue); Recital Hall: Richard Markham and David Nettle, piano; Grainger (Tue); Stéphane Varèges, chansons (Thur). (314544).

Rotterdam, De Doelen: Nine Mouskouri (Mon); Rotterdam Philharmonic conducted by Emmanuel Krivine, with Gérard Hettéma, violin; Prokofiev, Franck (Thur). (342811).

Modern Italian choral works from the Netherlands Chamber Choir, with

Reinbert de Leeuw and the Schoen-

berg Ensemble. Mon in Eindhoven, GRG; Wed in Nieuwpoort, Rembrandtkerk; Thur in The Hague, Nieuwe Kerk. (220-23111).

MUSIC

LONDON

London Philharmonic Orchestra, conducted by Klemens Teixeira, with Rudolf Lupu, piano, Schumann, Royal Festival Hall (Mon). (2283101).

Philharmonia Orchestra, conducted by Mark Laycock, with Donna Amato, piano, and Tafiti Chamber Choir.

Beethoven and Holst Royal Festival Hall (Tue).

London Philharmonic, conducted by Dietrich Fischer-Dieskau in *Die Götterdämmerung*, Der Opernball, (33243637).

VIENNA

Staatsoper: Die Fledermaus with Ludwig Gruberhofer, Weiss; The Sleeping Beauty with choreography by Nureyev, conducted by Richter. (124/125).

Volksoper: Ophélie in the Underworld; Medea's Polenbunt; Das Land des Lächelns; Die Götterdämmerung, Der Opernball, (33243637).

Schubert, Beethoven, piano, Brahms, Purcell Room (Tue). (2683191).

PARIS

Palais Garnier: Jacqueline and Jean Michel Damase, two pianos; Mozart, Schubert, Chopin, Milhaud (Wed). Salle Gaveau (4583200).

Nevels Orchester, Philharmonie, conducted by Marek Janowski.

Wagner (Wed, Sun); Théâtre des Champs Elysées (Mon); Leonard Bernstein, piano, de Paris, violin; Dietrich Fischer-Dieskau, piano, Arpino (Wed, Thur); Salle Pleyel (55611930).

WEST GERMANY

Münich, Hochzeit des Figaro: A loveless recital with Brigitte Fassbaender, accompanied at the piano by Ingrid Gómez with Schubert and Mahler (Fri).

Berlin, Philharmonie: The Berlin Philharmonic Orchestra, conducted by Lorin Maazel plays Dvorak and J. Sibelius. Soloist is Yo Yo Ma, cello. (Fri).

NETHERLANDS

Amsterdam, Concertgebouw: Piano recital by Brigitte Engerer (Tue); Bernard Haitink with the Concertgebouw Orchestra and Mariss Jansons, violin, Shlomo Mintz, piano, (Wed, Thur); Ricard Halk, Amsterdam String Quartet, Drottk, Britten, Brahms (Tue); Joan Bakker, violin; and Bob Mann, piano. Eindhoven, Van Eycken, Badings, Schlegel (Thur). (718545).

New York Philharmonic (Avery Fisher Hall): Erich Leinsdorf conducting; Sviatoslav Richter, piano; Beethoven, Brahms, Debussy, Faure, Dukas (Wed). (26831401).

Metropolitan, piano, Bach, Bartók, Debussy, Schumann, Musikkreis Berlin, Brahms Saal (Thur).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Yoel Levi conducting; Barber, Schenker, Saint-Saëns (Tue); Yoel Levi conducting, André-Michel Schub, piano, All-Brahms programme (Thur). (Kenny Center (224-3776).

WASHINGTON

National Symphony (Concert Hall): Yoel Levi conducting; Barber, Schenker, Saint-Saëns (Tue); Yoel Levi conducting, André-Michel Schub, piano, All-Brahms programme (Thur). (Kenny Center (224-3776).

CHICAGO

Cicago Symphony (Orchestra Hall): Leonard Slatkin conducting, Ivo Pogorelich, piano, Schumann, Prokofiev, Barber, W. Schumann (Thur). (4583123).

THEATRE

LONDON

The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent pimpernel form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sprightly production has smoke, tumblis, rat stow and rolling heads. (3384025).

As You Like It (Barbican): Much improved since last year's Stratford-upon-Avon season, Adrian Noble's loosely Edwardian production now emerges as a secret-garden adventure where Rosalind (Juliet Stevenson) has the sisterly devotion of Celia (Flora Ste文) threatened by Orsino (Giles Terrell). A superb Jaques (John Neschling). The RSC's Bardic production also includes a fine Othello with Ben Kingsley and, in the Pit, Christopher Hampton's absolutely breathtaking, unmissable version of Les Liaisons Dangereuses (6283785).

The Cherry Orchard (Cottesloe): Wonderful NT production by Mike Alfreds includes the scene Stasovskiy sky-cri. Ian McKellen as Lopakhin, Sheila Hancock as Ranevskaya, Hugh Lloyd as Firs, Edward Petherbridge as Gayev, Roy Kinnear as Serebryakov, Elizabeth Bratt as Varvara. Sheer bliss and very funny. (6282282).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (6368868).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End. If anything, it's even better. The casting of Lulu as Miss Adelaide and the notably well sung Black Sky Mother of Clarke Peters, Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (Marie). (6368868).

Trovatore (Wilton's): Antonio Sher plays Harvey (Albert): Antony Sher plays Harvey (Albert): Antony Sher plays Harvey (Albert): A four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Pierstein's tackily uneven writing. (6383378).

Gigi (Lyric): Unconvincing stage revival of the 1970s' film follows the film's plot to My Fair Lady, but Held is rising infinitely above the material. Jean-Pierre Audoux and Sian Phillips lending more conventional support. John Dexter directs. Josephine Hartley designs. (4373086).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Flawed direction by Peter Yates of the West End's best new play of the year. (7341160).

Les Liaisons Dangereuses (Astoria): not too critical a selection of life and music of John Lees who is enjoyably eccentric for the musical responsiveness of the cast and Mark McCann's London look-and-sound-alike. (7344328).

Am. You Lonesome Teardrop (Phoenix): More musical biography with Alan Bresnahan's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and shabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (6362290).

Les Misérables (Palace): Notably well sung and splendidly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man Dav-

NEW YORK

As Is (Lyceum): The first play about AIDS makes great toward the whole community and its effects and focuses effectively on the victim and his protective lover, but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the play's diagnosis is diagnosed. (224-3776).

Cast (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poem set in a sturdy music is visually startling and choreographically fine, but classic only in the sense of a rather staid and overblown idea of theatricality. (2384222).

As You Like It (Majestic): An immediate celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and bawdy humour by a large chorus line. (977900).

Righteous Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221211).

A Chorus Line (Shubert): The longest-running musical ever in America not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in tones rather than emotions. (2292200).

La Cage aux Folles (Palace): With some timeless Jerry Herman songs, French film images, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (7572626).

I'm Not Rappaport (Soho): In moving to Broadway, Herb Gardner's touching about two oldsters retaining its stars, Judi Dench and Cleavon Little, who think they are just bickering with each other. (2396220).

Continued on Page 17

Did you know that companies which lag behind in the use of Information Technology are six times more likely to have a poor financial performance within their industrial sector than the companies which have readily adopted IT?

That was one of the key findings of a survey published by Management Consultants, A.T. Kearney Ltd.

The report predicted that over the next 12 months British industry would waste £800 million of its total IT expenditure – by choosing the wrong system, installing too much capacity or by applying IT to inappropriate business areas.

Yet IT is a powerful management tool – providing the means of improving efficiency, enhancing customer service and, above all, increasing productivity.

Hoskyns specialises in harnessing that power to secure defined business objectives.

Indeed, it is our commitment to improving productivity for our clients that has helped us to become one of the most successful computer

services organisations in the world today.

Our client list reads like an international "Who's Who" in business – and includes 90 of The Times Top 100 UK companies.

In 1985 alone our achievements were:

For example, we implemented a financial control system that reduced one company's accounting budget by £6 million.

We enabled another to enter a new market where operational speed and efficiency were crucial. And helped yet another to reduce its data processing budget by one third, whilst maintaining the service to users.

To add to that, 1986 has already seen a client voted "User of the Year" at the Recognition of Information Technology Achievement Awards. The system we introduced not only paid for itself in

under 18 months, but reduced inventory costs by more than one third and saved an additional £500,000 in operational costs during the first year.

Whether Hoskyns is supplying consultancy, building tailor-made systems, implementing standard application

A VERY intelligent German who used to live in London came back the other day to try to find out what was going on. Was it, as he seemed rather to assume, the end of the Thatcher revolution, the end of another British dream, like Harold Wilson's technological revolution, Edward Heath's "problems of success," and now Margaret Thatcher's "politics of conviction"?

Is there, he wondered, a cycle in British politics that suggests that, however promising the start, in the end no government ever quite makes it?

The short answer to his question is "no." The longer answer is more nuanced.

To start with the Prime Minister: was there a Thatcher revolution? The answer is "yes," but it was under way before she came to power in 1979. There is a certain continuity in British politics which consists of going on trying to cope with unresolvable problems.

The process is indeed coming to an end with a much reduced role in the world and with the European Community, which Britain should have joined at its inception. There were also certain residual colonial problems: Rhodesia, for example.

Then there were the economic problems and the fact that Britain was in economic decline compared with its natural analogues: France and West Germany. Not least, there was the problem of trade union power, which seemed capable at times of bringing down governments, Labour and Conservative alike. The list is not exhaustive.

Mrs Thatcher was not the first Prime Minister to have to confront those difficulties. The then Mr Wilson sought to curb trade union power in the late 1960s, was backed by Mrs Barbara Castle with her proposals for an "In Place of Strife," and was hindered by Mr Tony Callaghan, who eventually became his successor and was ironically brought down, more than any other single factor, by the trade unionists against his income policy.

Wilson also sought in the 1960s to take Britain into Europe, to indeed his Conservative predecessor, Harold Macmillan, before him. Both were rebuffed, not — at home, but by French opposition.

Heath offered a new start in 1970. His original programme was remarkably like Thatcherism without Mrs Thatcher. The only main difference was the absence of monetary policy. He succeeded on European entrance where others had failed largely because of his understanding with President Pompidou, though the terms of entry were to dog successive British governments for another decade.

Politics Today

Maybe the Thatcher revolution is complete

By Malcolm Rutherford



Ashley Ashwood

Because of his anxiety about rising unemployment, Heath changed his economic policy to a more interventionist stance halfway through. This argument about how far a government should intervene in industry has haunted the Tory Party ever since: witness the underlying reason for the resignation of Mr Michael Heseltine as Secretary of State for Defence. It is not, incidentally, peculiar to the Tories. The difference between the parties are of degree, not kind.

Heath fell because of the assertion of union power and his inability to deal with the miners' strike in the winter of 1973-74. That, too, left a haunting memory.

Signs of more radical change came in the mid-1970s when Mrs Thatcher became leader of the Conservative Party and the International Monetary Fund was called in to advise on the British economy. In many ways the two events go together: there was a mutual recognition that the conduct of the economy could not be allowed to go on as it had.

When Mr Callaghan succeeded Wilson in 1976, he turned out to be a surprisingly good Prime Minister, presiding over a brief period of considerable tranquility in British affairs. He relied, however, on a price and incomes policy based on co-operation and consultation with the unions. In the longer run, that co-operation was not forthcoming and ultimately the unions defeated him.

Mrs Thatcher at the start had

almost everything on her side. She had a programme not vastly different from that of Edward Heath in his early days. Her economic policy included control of the money supply which was said to be crucial, though it did not include an exchange rate policy which some of her advisers soon realized to be a serious omission.

She also had oil, the revenues from which could sustain a policy of structural change. And she was right for it. The new Prime Minister set a bonfire of controls: the abolition of exchange control and an end to prices and incomes policies. Inflation has ceased to be the worry it used to be. She began a step-by-step approach to the reform of the law governing industrial relations which may turn out to have been the largest part of the Thatcher revolution.

There were other successes as well. Mrs Thatcher presided over a Rhodesia settlement that had eluded her predecessors. Hong Kong was dealt with, after some hitching of her own making.

Oddly enough the Falklands affair will probably be seen by historians as one of her greatest mistakes, though it was seen as one of her greatest achievements at the time. She failed to have gone for a peaceful accommodation with Argentina, as the Foreign Office was advising, well before the dispute turned into war.

On Europe she succeeded, though the time against official advice. She pulled off a reduction in Britain's excessive contribution

to the Community budget that had again been denied to previous governments. For the first time, the country became a natural member of the club, no longer protesting about the membership fee.

Indeed, one irony of the Westland saga is that no one in the Cabinet wanted Mr Heseltine to resign precisely because the manner of his going would make the Government look anti-European. The policy objective to become more European, Westland was merely considered not very important until the political crisis broke out.

There are major blemishes, of course. We've already seen the continuing row in the employment market. No one foresees today how it is going to come down very quickly. No one foresees either how long it would take to put the structural changes in the economy into effect. It was only quite late in her first term that Mrs Thatcher began talking about the need for a third term.

These are the obvious minuses. Less obvious perhaps in the political arena is the failure on education. The condition of many of the state schools in London and of the universities' dispute, and the apparent inability of Sir Keith Joseph, the Education Secretary and almost the original architect of the Thatcher revolution, to implement his ideas are probably far more serious matters than those that pass for political problems.

Education will take a generation to reform so that the results begin to come through. The biggest black mark against Mrs Thatcher's administration is that the reform has barely begun, though again it is worth recalling that the call for a national debate on education came first from Mr Callaghan when he was Prime Minister. It has still not really taken place.

So we return to the question of my Good Friend: is there a general British political cycle?

One more British problem

would be on the way to being resolved.

Meanwhile, never forget the state of the opposition parties. Quite the most important question there is the Fulham by-election, probably in April. It is a Tory marginal, with Labour second and the Liberals third. The last general election, the Tories failed to hold it in mid-term. The battle that matters is between Labour and the Alliance. If Labour cannot win, the party's chances of a return to power will look remote. Equally if the Social Democratic candidate cannot win, the Alliance will lose some of the by-election momentum on which it has thrived. The result should tell us a great deal about the state of British politics.

So perhaps it does not matter too much. Maybe the Thatcher revolution is almost complete. The real revolution was to change the political ground. All parties have now adopted more market-oriented policies and all have more or less come to terms with Europe. All are more reticent about making bold promises.

Moreover, there is still unfinished business, not the least of which is Ireland. It is very improbable that the Prime Minister will want to see yet another Irish initiative from his predecessors for years. She has announced the Channel tunnel, which also defied them. There must be a very strong desire to go on developing the Hillsborough agreement on the Irish question.

One more British problem

Lombard

A market-based trade union

By John Lloyd

HAMMONDISM is now an established political fact. Its success is not assured, but it is in place. It takes its name, of course, from Mr Eric Hammond, general secretary of the Electricians Union, the EETPU. In the past week, Hammond, long in preparation, has thrown off all disguise and can be assessed on its merits.

The EETPU has a formidable package here too, in explicitly turning its back on class-based unionism where employers are at least nominally the enemy (though in practice of course are usually dealt with pragmatically even co-operatively) it is seeking to assure its members of a strike-free industrial environment. But even that is only part of the story. It has recognised in an era of waning union strength—it does not foresee any upturn in the near to mid-term future—it must also direct its pitch at the employers.

To this end, Mr Hammond and his officials have flogged round CBI and other employers conferences with the message that progressive trade unionism can channel messages to and from workers and management; that a measure of industrial democracy lubricates the wheels and aids productivity; and that given the creation of a co-operative environment, it is relatively easy to reach which effectively rules out official industrial action. The common interest of both workers and management is recognised as growth, profits, and increased market share.

The final crucial feature is individual, ballot-based democracy, with the members exercising private choice over the central issues before them and their leaders. Gone from here, even before the 1984 trade union Act proscribed them, are the votes at mass meetings and the activist pyramids of authority. The members will and do decide.

Hammondism is trade unionism for a market society. British trade unionism has never been that in its heart; it has always given honour to the idealistic in its ranks who hope to live the dreams of socialist future, and has given less public honour to the legions of pragmatists who have kept the show on the road. Hammondism bids a rude goodbye to all that.

Manufacturing industry

From Professor Wynne Godley

Sir—Geoffrey Maynard (January 29) is right to say that it does not matter that the balance of trade in manufactures is at present in deficit. But the argument that poor trading performance by manufacturing industry will have serious consequences for the British economy if it continues has nothing at all to do with the balance of trade taken in isolation from the level of output and employment. The cause for concern derives, not from the difference between exports and imports, but from the difference between the growth of exports and the growth of import penetration (ie imports relative to domestic production). Annual average 1980-79 1979-85 % increases (est)

Real GDP (in oil) 2.6 1.2 Manufacturing output 1.9 -1.0 Manufactured imports (vol) 9.0 5.7 Manufactured exports (vol) 4.7 1.8

As the table implies, import penetration rose rapidly relative to exports between 1980 and 1979 well before the emergence of a surplus in trade in oil and the process has continued since 1979 (although 1985 has been a good year). The strategic problem, entirely missed by Geoffrey Maynard, is that if these adverse trends continue, a growth rate large enough to stabilise unemployment (let alone reduce it) will generate a growing deficit in manufactures and oil combined which the other components of the balance of payments (including property income) will not be able to cover indefinitely. (Prof) Wynne Godley, Dept of Applied Economics, University of Cambridge, Sidgwick Avenue, Cambridge.

Balance in the dairy market

From Mr P. Jackson

Sir.—In your leading article (January 30) on the Touché Ross investigation of the Milk Marketing Board, you suggest that the report "accuses the MMB of keeping the prices it charges processors too high in order to favour the dairy farmers who own it." This may have given readers the impression that the MMB has the power to fix prices which dairy processors pay. That is not the case.

All such prices have to be negotiated in a body called the joint committee, on which the MMB represents farmers and the Dairy Trade Federation represents buying dairies on an equal footing. If the two parties cannot agree, they are required to submit the issue to arbitration. Implicit in these negotiations has been the recognition that price should be such as to enable efficient buyers to make

Letters to the Editor

Letters to the Editor

Office savings and receive all interest tax-free.

Perhaps some would find the greatest irony in your headline "Time to fall in step with Japan." Just as Mr Takeshita is thinking of reducing his Government's grip on the savings market we seem to be experiencing a Government decision to extend its grasp.

Ben Thorne
24 Quarry Hill Road, Borough Green, Sevenoaks, Kent.

Foundry capacity

From Mr T. Barber

Sir.—In your report (January 23) on the closure of the Sterling Metals subsidiary of Birmid Qualeast, you made reference to the founder being "the only one left in the UK able to produce cylinder blocks for high-speed diesel engines such as that used on trucks and farm and construction equipment." The obvious inference being that (after closure) this capability would no longer exist in the UK.

I point out that this is not so. The Leyland Foundry in Lancashire has and continues to produce high-quality cylinder blocks for such purposes, both for Leyland Trucks and for companies such as Perkins of Shrewsbury. In addition, the company also produces a large number of cylinder blocks for Jaguar. In fact cylinder block production at the Leyland Foundry is currently running at over 1000 units a week. The Leyland Foundry produces a wide range of cylinder heads for various customers and an equally wide range of commercial vehicle brake drums.

T. Barber

(Operations Director, Leyland Foundry, Leyland Vehicles, Leyland, Preston, Lancashire.

Taxation in Japan

From Mr A. Pakenham-Walsh

Sir.—We should be grateful to Mr J. L. Foster (January 18) for putting forward a case for legal mandatory accounting standards. He dodges the point, however, that under the existing set of standards, an accounting obligation to give a true and fair view over-rides any and all of the detailed prescriptions in the set. This supremacy of a true and fair view survived the original versions of the EEC fourth directive to which the UK Companies Act of 1981 and the Irish Companies Bill of 1985 give effect in their respective jurisdictions.

Mr Foster argues that legal enforcement of standards make it clear that, while certain accounting treatments are correct (i.e. true), others are not, in that they distort the truth.

Truth cannot be legislated

	1985	1984
Profit before tax	£137.0m	£105.3m
Earnings per share	36.0p	27.7p
Ordinary dividend	15.0p	12.0p
Net debt	£28.3m	£146.1m

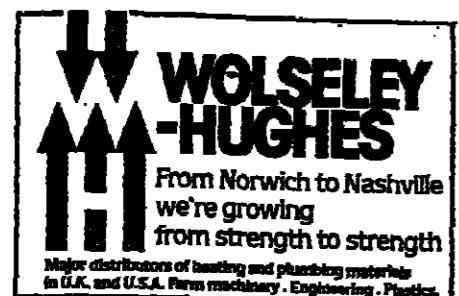
The abridged profit and loss account for the year ended 31st October 1985 is an extract from the Report & Accounts which will be filed with the Registrar of Companies upon which the auditors have given an unqualified report.

* Profit before tax	+30%
* Earnings per share	+30%
* Dividend	+25%



Another year of progress

The 1985 Report & Accounts will be posted to shareholders on 17th February 1986. Copies may be obtained from the Secretary, The Rank Organisation Plc, 6 Connaught Place, London W1 2EZ.



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday January 31 1986



Xerox ends strong year with doubled final quarter profit

BY WILLIAM HALL IN NEW YORK

XEROX, the US office equipment group, more than doubled its income from continuing operations in its fourth quarter to \$12m or \$1.04 a share, ending what company chief executive Mr David Kearns called "a year of major strides".

The group's net income in 1985 rose to \$47.5m or \$4.44 a share, compared with \$22.0m or \$2.33 a share in 1984. In the final quarter of 1985, the group earned \$1.56m or \$1.24 a share, compared with a loss of \$1.2m or \$0.28 a share in the final quarter of 1984.

In 1985 the company took two special charges totalling \$1.62m in the third quarter in connection with its insurance operations, which partly offset a \$200m gain on the sale and copier, the Xerox 1025, and the Xerox 1090 and 9900.

The increase in the number of copiers and duplicators in use in 1985 was "close to our record 1984 levels," said Mr Kearns.

Time Inc cuts jobs as earnings plunge

BY OUR FINANCIAL STAFF

TIME INC, the largest US magazine publisher, yesterday reported a 23 per cent fall in fourth-quarter profits and announced plans for a 5 per cent cut in jobs at its magazine group.

The job cuts plan, with a company-wide recruitment freeze in the New York headquarters area, is reflected in a \$1.5m, or 11 cents a share, pre-tax charge in the fourth quarter, producing net profits of \$51.4m, or 41 cents a share.

In the 1984 fourth quarter net earnings were \$86.7m, or \$1.06 a share, which includes a gain of 19 cents a share from the sale of Time's Pioneer Press subsidiary.

People Express issues warning of fourth-quarter setback

BY OUR NEW YORK STAFF

PEOPLE EXPRESS, the fast-growing cut-price US airline, yesterday upset Wall Street analysts by announcing that its fourth-quarter losses would be higher than expected. It also announced the resignation of the chief executive of its recently acquired Frontier Airlines.

People Express, which earned \$10.7m on revenues of \$70.7m in the first nine months of 1985, said yesterday it expected its fourth quarter to reflect losses that could be greater than expected by many Wall Street analysts. The airline lost \$m in the fourth quarter of 1984.

Mr Bob McAdoo, People Express' chief financial officer, said: "Unfortunately, our fourth quarter was impacted by extremely weak traffic and low yields during October and November. In addition, Frontier generated losses greater than ex-

Fleet owners' problems dent hopes of riding out the storm, writes David Dodwell

Shipping crisis rocks Hong Kong boats

THIS has been a bitter week for Mr Frank Chao, chairman of Wah Kwong, the faltering group that is Hong Kong's third largest shipper. It has been bitterer because he has been forced to seek a rescue from the company's bankers - with the reconstruction this almost certainly remains - than because of the grim satisfaction it will have given those who have for three years scolded at his dogged insistence that he can ride out the world shipping industry's deep recession.

Coming just three months after C. H. Tung's shipping empire faltered, with debts of about \$2.5bn, the plea for help from Wah Kwong confirms that the world's shipping industry crisis has at last reached the marrow of the industry in Hong Kong.

By comparison with shippers elsewhere, the 70-odd owners based in Hong Kong have escaped remarkably unscathed by the industry's problems. Hong Kong remains the world's third largest shipping centre, after Japan and Greece. The fleet has fallen from a peak of 1,637 vessels and 63.7m dwt in 1982 to 1,262 vessels and 58m dwt today - about 7 per cent of the world's total. But the dilution has been orderly, and most operators claim they have a large proportion of their vessels on profitable charters.

Companies like Grand Marine and Whealock Maritime have been liquidated in the past two years, but there have been special circumstances surrounding the demise of both of these. This was not the case with some local shippers - Mr Chao conspicuously among them - to remain as they were, as well as Wah Kwong and C. H. Tung, will pay a price for their optimism.

Mr Chao refused to cut the size of his fleet, half new ship orders, or write down the value of his fleet to present depressed levels. By maintaining a highly modern fleet, and by securing charters before making commitments to new buildings, he insisted he would be well poised to capitalise on the recovery he argued was round the corner.

Three months ago, Mr Chao said: "Shipping is at the lowest it has ever been, and we intend to take advantage of this and expand our shipping interests." It was not without reason that he earned the nickname Frank "Countercycle" Chao.

The optimists' case has collapsed now that Wah Kwong has at last succumbed. It will be some time before the size of his group's problems are made public, or before anyone knows the price he must pay in the reconstruction of the group.

Among its main creditors, the Standard Chartered Bank is understood to be owed in the region of HK\$1bn (US\$125m), with the Hong

kong and Shanghai Banking Corporation owed about half as much. These two banks were among the many willing to accept the logic of Mr Chao's case. As they begin to count their bad debts, it is certain they, as well as Wah Kwong and C. H. Tung, will pay a price for their optimism.

It has taken four collapses over

seas to bring Wah Kwong to its knees. In 1984, bankruptcies at Irish Shipping and Scottish Ship Management cost Wah Kwong about US\$12m. Most serious of all was the collapse of Sanko in Japan in August last year, to which Wah Kwong had a number of vessels on charter. Finally, the tiny Kangerlussuaq Line in Australia collapsed early this month with five vessels on charter from Wah Kwong. The failure could cost the Hong Kong shipper about US\$30m, shipping analysts say.

Mr Chao was at pains this week to emphasise that his fleet was continuing to operate normally. His problems probably pale into insignificance beside those of the C. H. Tung group. The group's publicly quoted Orient Overseas Holdings has a fleet of 35 vessels - most of them in the Orient Overseas Container Line.

C. H. Tung's shipping empire was seen as the second largest in Hong Kong. Its tangle of public and private subsidiaries are understood to

owe 70 creditor banks about US\$2.4bn.

Among other shippers to admit serious troubles, the Jardine Matheson group last year decided to withdraw from shipping after making provisions amounting to HK\$55m against its shipping interests. This extraordinary item played a large part in producing an attributable loss for the group in 1984 of HK\$918m. From a peak of 55 vessels in 1982, Jardine now has just nine.

Hong Kong's biggest shipper, Sir Yue-Kong Pao's Worldwide group, is almost alone in continuing to appear healthy - and that results from a ruthless policy of ship disposal, and of writing down the value of the fleet as prospects in the sector have remained depressed.

From 212 vessels and 20.5m dwt in 1978, the Worldwide fleet has been trimmed to 88 vessels and 8.7m dwt today. Dr Helmut Schönen, who heads Sir Yue-Kong's shipping operations, has followed a policy of scrapping vessels whenever they come off charter with no immediate prospect of new ones to replace them. He has written vessels down to a point where their value reflects market value on a charter-free basis - which means that if a charterer defaults, the impact on the company is negligible.

He has ordered no new vessel for four years, and instead is committed to a policy of diversification. The group recently acquired a controlling stake in Hong Kong Dragon Airlines, the fledgling one-aircraft company that is pressing to operate routes from Hong Kong to eight cities in China.

The truth of this conservatism

is apparent in the group's results. In the first half of 1985, Eastern Asia Navigation, Sir Yue-Kong's publicly quoted shipping group, which accounts for 23 vessels in its current fleet, reported profits of HK\$274m, 24 per cent up on the same period in 1984.

Wah Kwong was very unwilling to do the same thing. Dr Schönen said yesterday: "I could never understand why the company insisted that the market could recover quickly. It was not in the interests of the industry as a whole to argue that solutions were on hand."

He insists there are no signs of improvement for the year ahead, but at the same time is confident the shipping market is unlikely to deteriorate further.

If this is so, then shippers who can afford the domino effect of the collapses of the past year may still escape intact. As shippers await news of the plight of C. H. Tung and Wah Kwong, they are unlikely to rest easy, however. In the words of Mr Michael Farie, secretary of the Hong Kong Shipowners' Association: "There are a lot of small shipowners in Hong Kong who are queuing in their boats at the moment."

Akzo lifts dividend as surplus increases

By Our Financial Staff

AKZO, the Dutch chemical group, reports a strong rise in profits for 1985 and is stepping up its dividend from Fl 6 a share to Fl 6.60.

Turnover for last year rose from Fl 16.32bn (\$6.1bn) to Fl 18.6bn and operating profits moved up to Fl 1.47bn from the Fl 1.34bn for 1984.

After substantially reduced financing charges, earnings at the net level were Fl 840m, against Fl 752m, an increase of 12 per cent. Acquisitions also helped boost profits.

Akzo forecast last month that profits for 1985 would show strong growth and added that the group's outlook for 1986 was healthy.

Group financing charges last year eased to Fl 180m from Fl 280m. Tax totalled Fl 465m, up from Fl 369m in 1984. The net profit was also struck after an extraordinary gain of Fl 5m, against a previous debit of Fl 35m.

Akzo said its improved performance stems from diversification away from bulk chemicals and textile fibres towards special chemicals, coaling and pharmaceuticals.

Kvaerner tops forecasts

By Fay Gjester in Oslo

KVAERNER, the Norwegian shipbuilding, heavy engineering and off-shore fabrication group, reported better-than-expected profits for 1985 following high earnings during the last four months of the year.

Earnings for the year totalled Nkr 380m (\$48.2m), up from Nkr 5.3bn, compared with an earnings forecast of Nkr 320m.

In 1984, Kvaerner earned Nkr 352m, before extraordinary items, on turnover of Nkr 5.1bn. However, this included Nkr 57m from ship sales, calculated as ordinary income.

OIAG co-operates to form trading company

BY PATRICK BLUM IN VIENNA

METALLGESELLSCHAFT of West Germany and Louis Dreyfus of France have agreed to establish a new major trading company in Austria in co-operation with OIAG, the holding company for the country's nationalised industries.

The new company, which has not yet been given a name, will also take a 49 per cent share in Voest-Alpine Intertrading, the trading subsidiary of Voest-Alpine, the state-owned steel, engineering, electronics and trading group which made record losses last year following disastrous speculation on the oil futures market.

The new company will be owned 50 per cent by OIAG, and 25 per cent each by Metallgesellschaft and

CRA moves point to link with Germany

By Our Bonn Correspondent

SPECULATION that a link up between CRA, the Australian natural resources concern, and the steel divisions of the Krupp and Klockner groups is again rife in West Germany - despite the collapse last year of original plans to that effect.

Klockner announced only last week that it was boosting its co-operation with CRA in steel technology, and confirmed moreover that it would proceed with its plan to live off its steel interests.

But the latest speculation surrounds reports that CRA, which despite last year's setback has not disguised its wish to strengthen its links with the West German steel industry, could take a stake of up to 50 per cent in Krupp Stahl, the steel division of the Krupp group.

Krupp last night would not confirm the reports, but did say that discussions with CRA had never been broken off, despite the failure of plans to merge its steel interests with those of Klockner, in a new company to have been called Stahlwerke Krupp-Klockner (SKK). CRA would have held 35 per cent of its capital.

It is further suggested that any direct stake in Krupp Stahl by CRA would be preceded by CRA buying off interests not exclusively concerned with steel production. Krupp Stahl is 70 per cent owned by the Krupp group, with a further 25 per cent of its DM 573m (\$240m) capital in the hands of Iran. There have been cryptic and ambiguous hints that Tehran might be willing to withdraw, if the right offer came along.

CRA's immediate aim is to secure an outlet in Europe for its iron ore

fore joining People Express in 1981 it worked at Northwest Airlines and Hughes Airwest.

Mr McAdoo said People Express was optimistic about its 1986 results because of cost and revenue improvements at Frontier, further development of traffic flows between the People Express and Frontier systems, the development of feed traffic to both airlines from the pending acquisition of Britt Airways, and the substantial reduction in fuel prices.

He said: "Each reduction in fuel price of one cent per gallon reduces the combined expenses by approximately \$5m per year. Recent purchases of fuel for delivery during the spring and summer would indicate that average fuel prices will be approximately 10 to 15 cents below current prices."

Bosch forms joint venture with Philips

By Our Bonn Correspondent

ROBERT BOSCH, the West German motor components and electrical group, is setting up a joint subsidiary with Philips of the Netherlands to concentrate their forces in the television studio equipment business.

The new unit, to be called Euro Television Systems, will be based at Darmstadt, near Frankfurt, West Germany, and will initially be equally owned by the two parents.

However, Bosch will have "industrial leadership," and later is likely to take a majority stake in the venture.

About 2,400 employees at both groups, 2,000 of them at Bosch, will come under the umbrella of Euro Television Systems. The new company will take charge of Bosch's TV equipment division at Darmstadt and the video equipment activities of its US subsidiary, Robert Bosch Corporation at Salt Lake City, Utah.

Philips will contribute its own Philips Television Systems, of Mahwah, New Jersey, and its R&D and manufacturing activities in the field, based in Breda, the Netherlands.

The two parents have already notified "the appropriate authorities" of their plans, and will lodge a formal application for the link with the powerful Federal Cartel Office in Berlin.

The idea of the venture is to draw on the research and financial strengths of Bosch and Philips in the TV field to improve their position in the world market.

Under the package, Bosch will buy

SAS to buy franchise

By Kevin Done in Stockholm

SAS, the Scandinavian airline, has signed an agreement in principle to buy the franchise for the Diners Club credit card in the five Nordic countries.

It is believed to be one of the first airlines in the world to buy a credit card operation, which it plans to use as part of its marketing of complete travel services to the businessman.

No price for the deal was revealed. It is buying Diners Club from Norevi, the Norwegian finance company, which owns 96 per cent of the shares, and Citicorp of the US, which holds the remaining 4 per cent.

The idea of the venture is to draw on the research and financial strengths of Bosch and Philips in the TV field to improve their position in the world market.

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AJINOMOTO 3/2/86	12 1/2%	1/10/86	20.00 21.50 22.00	20.00 21.50 22.00
CASIO COMPUTERS 6/2/86	12 1/2%	1/10/86	57.00 59.50 1,760	4.10 2.94 51.44
C ITOH (NEW) 405/86	12 1/2%	1/10/86	42.50 44.00 428	3.32 2.95 50.28
C ITOH (OLD) 20/1/87	12 1/2%	1/10/86	81.00 85.00 2,200	2.22 2.00 50.28
DAIWA BANK 10/3/86	12 1/2%	1/10/86	18.00 20.00 575	54.75 4.64 50.28
FLUKURA CABLE 26/4/86	12 1/2%	1/10/86	23.50 25.00 365	32.48 4.28 50.28
GUNZE LTD 22/11/86	12 1/2%	1/10/86	20.50 22.50 363	31.27 3.78 50.28
HAKUO GUM 1/11/86	12 1/2%	1/10/86	14.00 16.00 575	52.50 4.22 50.28
HANSA SYNT RUBBER 2/11/86	12 1/2%	1/10/86	27.00 28.50 268	18.50 4.42 48.68
JASCO 22/12/86	12 1/2%	1/10/86	12.00 13.00 1,270	9.84 1.77 108.16
KAYABA INDUSTRIES 10/2/86	12 1/2%	1/10/86	27.00 28.50 268	18.50 4.42 48.68
KOBELCO 30/3/86	12 1/2%	1/10/86	18.00 20.00 575	54.75 4.64 50.28
KOKUSAI KOKYO 8/6/86	12 1/2%	1/10/86	20.00 21.50 2,200	11.25 2.02 50.28
KOMORI PRINTING 20/12/86	12 1/2%	1/10/86	33.50 34.00 2,050	24.04 3.63 2.70
MARUBENI 30/9/86	12 1/2%	1/10/86	20.50 22.00 363	40.32 5.82 50.28
MITSUBISHI 12/1/86	12 1/2%	1/10/86	25.00 26.50 363	51.50 5.82 50.28
MITSUBISHI OIL 2/1/86	12 1/2%	1/10/86	22.00 23.50 363	51.50 5.82 50.28
MITSUBISHI PETROCHEM 15/6/86	12 1/2%	1/10/86	41.00 42.50 445	11.57 3.74 24.12
NIPPON MINING 10/1/86	12 1/2%	1/10/86	270	46.54 3.78 30.77
NIPPON SHOKU 15/5/86	12 1/2%	1/10/86	20.50 22.00 363	51.50 5.82 50.28
NIPPON YUSEN K. K. 18/10/86	12 1/2%	1/10/86	18.00 18.50 22.00	51.11 20.07
NISSHO IWAII 2/1/86	12 1/2%	1/10/86	22.00 23.50 270	21.15 5.68 1.73
NONMURA SECURITIES 31/10/86	12 1/2%	1/10/86	81.00 82.50 1,050	11.25 2.20 50.28
ONDOH 20/12/86	12 1/2%	1/10/86	18.00 20.00 575	54.75 4.64 50.28
ONOMICHI TATEISHI 31/7/86	12 1/2%	1/10/86	18.00 20.00 575	54.75 4.64 50.28
ONDOKUZEN CEMENT 26/2/86	12 1/2%	1/10/86	23.50 25.00 317	32.05 4.53 13.72
OPTEC DAI-CHI 22/2/86	12 1/2%	1/10/86	40.00 41.50 265	3.95 1.74 24.12
OSIKA PLASTIC 24/1/86	12 1/2%	1/10/86	18.00 19.50 515	51.50 5.82 50.28
RENOVIA 24/1/86	12 1/2%	1/10/86	18.00 19.50 270	26.50 5.82 50.28
RICOH 20/9/86	12 1/2%	1/10/86	45.50 47.00 1,110	10.28 3.33 30.77
RYOBI 20/5/86	12 1/2%	1/10/86	42.00 43.50 265	4.22 1.93 24.12
SEIKI TRUST 17/3/86	12 1/2%	1/10/86	44.00 45.50 1,490	9.08 2.36 30.77
SEIYU STORES 20/3/86	12 1/2%	1/10/86	50.00 51.50 1,050	6.50 2.13 50.28
SEKISUI CHEM 10/8/86	12 1/2%	1/10/86	50.00 51.50 1,490	12.25 3.05 30.77
SHOJI CORPORATION 24/3/86	12 1/2%	1/10/86	63.00 67.00 265	7.94 4.04 24.12
SUMI CONSTRUCTION 24/3/86	12 1/2%	1/10/86	25.00 26.50 265	20.22 3.81 50.28
SUMI CORPORATION 24/4/86	12 1/2%	1/10/86	35.00 36.50 265	11.25 2.20 50.28
SUMI REALTY (OLD) 21/3/86	12 1/2%	1/10/86	138.50 140.00 1,110	11.25 2.20 143.47
SUMI REALTY (NEW) 13/1/86	12 1/2%	1/10/86	35.00 36.50 1,110	22.48 3.17 10.82
TATEKIWA 14/2/86	12 1/2%	1/10/86	35.00 36.50 1,200	11.25 2.20 143.47
TOKYO CARBON 8/6/86	12 1/2%	1/10/86	162.00 165.00 565	78.07 2.91 37.22
TOKU INDOS 26/1/86	12 1/2%	1/10/86	10.00 10.50 575	0.55 2.25 10.50
TOKU INDOS DEPT STORES 20/7/86	12 1/2%	1/10/86	44.00 45.50 510	11.25 2.20 27.07
TOKUYA INDOS 1/3/87	12 1/2%	1/10/86	24.50 26.00 500	9.34 2.15 13.50
TOYO ENGINEERING 26/2/86	12 1/2%	1/10/86	33.00 34.50 775	25.25 2.40 24.12
YAMAMURA GLASS 9/5/86	12 1/2%	1/10/86	15.00 17.00 410	41.21 6.05 24.12
YAMADA 15/3/86	12 1/2%	1/10/86	44.00 47.00 665	60.35 5.05 24.12

BASE LENDING RATES

ABN Bank	12 1/2%	Hambros Bank	12 1/2%
Allied Dunbar & Co.	12 1/2%	Hardibar & Gen. Trust	12 1/2%
Allied Irish Bank	12 1/2%	Hill Samuel	12 1/2%
American Express	12 1/2%	C. House & Co.	12 1/2%
Amro Bank	12 1/2%	Hongkong & Shanghai	12 1/2%
Henry Ansbacher	12 1/2%	Johnson Matthey Bank	12 1/2%
Associates Corp.	12 1/2%	Knowles & Co. Ltd.	12 1/2%
Banco de Bilbao	12 1/2%	Leeds Bank	12 1/2%
Bank of Scotland	12 1/2%	Edward Mann & Co.	12 1/2%
Bankers Trust (UK)	12 1/2%	Maghri & Sons Ltd.	12 1/2%
BCCI	12 1/2%	Midland Bank	12 1/2%
Bank of Ireland	12 1/2%	Morgan Grenfell	12 1/2%
Bank of Cyprus	12 1/2%	Mount Credit Corp. Ltd.	12 1/2%
Bank of India	12 1/2%	National Bank of Kuwait	12 1/2%
Bank of Scotland	12 1/2%	National Girobank	12 1/2%
Banque Belge Ltd.	12 1/2%	National Westminster	12 1/2%
Barclays Bank	12 1/2%	Northern Bank Ltd.	12 1/2%
Beneficial Trust Ltd.	12 1/2%	People's Trust	12 1/2%
BII. Bank of East Asia	12 1/2%	PR Finans, Ltd. (UK)	12 1/2%
Brown Shipley	12 1/2%	Provincial Trust Ltd.	12 1/2%
CB. Bank Nederland	12 1/2%	R. Raphael & Sons	12 1/2%
Canada Permanent	12 1/2%	Roxburghe Guaranteed	12 1/2%
Cayzer Ltd.	12 1/2%	Royal Bank of Scotland	12 1/2%
Cedar Holdings	12 1/2%	Royal Trust Co. Canada	12 1/2%
Charterhouse Japet	12 1/2%	Standard Chartered	12 1/2%
Citibank NA	12 1/2%	TCB	12 1/2%
Citibank Savings	12 1/2%	United Bank of Kuwait	12 1/2%
City Merchants Bank	12 1/2%	United Bank of Middle East	12 1/2%
Clycdebank	12 1/2%	United Bank of Thailand	12 1/2%
C. & C. Co. Ltd. Ltd.	12 1/2%	Westpac Banking Corp.	12 1/2%
Com. B. N. East	12 1/2%	Whitehaven Laidlaw	12 1/2%
First Nat. Fin. Sec. Ltd.	12 1/2%	Yorkshire Bank	12 1/2%
First Natl. Sec. Ltd.	12 1/2%	Members of the Accepting House Committee	12 1/2%
Robert Fleming & Co.	12 1/2%	7-day deposit 8.70% - 1 month 9.00% - Top 10.00% - 1 year 10.20% - All interest when £10,000+ remains deposited.	12 1/2%
Robert Fleming & Co.	12 1/2%	Call deposits £1,000 and over 9% gross.	12 1/2%
Guinness Mahon	12 1/2%	1 Mortgage base rate.	12 1/2%
Guinness Mahon	12 1/2%	2 Demand dep. 8.1% - Mortgage 13%.	12 1/2%

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U.S. \$50,000,000



Federal Business
Development Bank
(An agent of Her Majesty in right of Canada)

8 3/4% Notes Due February 18, 1993

The following have agreed to subscribe or procure subscribers for the Notes:

Credit Suisse First Boston Limited

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

CIBC Limited

Citicorp Investment Bank Limited

Commerzbank Aktiengesellschaft

Daiwa Europe Limited

Dominion Securities Pitfield Limited

Nomura International Limited

Orion Royal Bank Limited

Toronto Dominion International Limited

Wood Gundy Inc.

The issue price of the Notes is 100 per cent. of their principal amount. Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List.

Interest will be payable annually in arrear on February 18 of each year, beginning on February 18, 1987. Particulars relating to the Notes and the Issuer are available in the statistical service of Exel Statistical Services Limited and copies may be obtained during usual business hours up to and including February 4, 1986 from the Company Announcements Office of The Stock Exchange and up to and including February 14, 1986 from:-

Credit Suisse First Boston Limited,
22 Bishopsgate,
London EC2N 4BQR. Nivison & Co.,
25 Austin Friars,
London EC2N 2JBBank of Montreal,
9 Queen Victoria Street,
London EC4N 4XN

January 31, 1986

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANU

INTL. COMPANIES

TNT builds profits on overnight success

THE TWIN towers of TNT Plaza loom broodingly in Sydney's Redfern district. A short distance away is Surrey Hills, another nondescript area, which hosts Mr Rupert Murdoch's News Corporation.

More than neighbours, TNT and News are also the best of partners, as the print unions have discovered. In the UK, where TNT's willingness to act as distributor is playing a crucial role in Mr Murdoch's attempt to revolutionise the economics of the newspaper business.

Like News, TNT is among Australia's 30 biggest companies, with market capitalisation of about \$890m (US\$440m).

And, like News, it has prospered dramatically, building what is probably the most complete and integrated range of transport services in the world, involving road, rail, sea and air.

Services include general and express freight, bulk and local carriage, refrigerated transport and storage, radio-controlled courier delivery, warehousing and distribution, payroll delivery, property protection, shipping and waste disposal.

Mr Ross Cribb, TNT's chief general manager, said yesterday that TNT's new UK role as Murdoch distributor involved new staff, new vehicles, and an entirely separate division.

But TNT is hardly conquering fresh territory. Although its prominence in the UK, where it operates mainly express consignment and parcel services, has only become apparent relatively recently, it has operated in Britain since 1972, and is making good profits there.

"We've taught England what overnight transport is all about," says Mr Cribb. "When we arrived in England there was no real competition, apart from nationalised transport. The service was terrible. Deliveries to Scotland, for example, were taking eight or nine days."

In 1984-85, TNT's UK revenue was about \$22m (\$8.5m) with about half derived from overnight services. In recent months, however, major new contracts have been won, which are expected to have a big impact on group revenue over the next two years.

As a result, the UK's contribution to group pre-tax profit could rise by about \$3m in 1986-88 (partly due to a more favourable exchange rate), with a further estimated increase of \$1m to \$3m in 1988-89.

Either way, brokers in Sydney are expecting very bullish things, now that TNT's

profits trough in 1983-84 is a thing of the past.

One estimate, that of A.C. Goode, TNT's net profit this year could improve from \$47.5m to \$51.6m, and to almost \$61.6m in 1986-87, boosting earnings per share from 26.1 cents to 35.7 cents and then to 45 cents.

There are numerous pointers.

In the first quarter of the current year, group revenue rose by 31 per cent, and net profit by 41 per cent, while a quarterly dividend was raised from 3 cents to 3.5 cents a share.

European and North American operations are seeing substantial profit increases and development of new services between Europe and North America should aid growth.

The international transport concern helping to deliver Rupert Murdoch's newspaper plans is examined by Michael Thompson-Noel

At a mid-December price of \$2.85, the shares were trading at an 18 per cent discount on the Australian All-Industrials average for prospective 1986-87 earnings, which probably explain TNT's recent share price buoyancy. They closed yesterday at \$3.02.

In North America, where a loss of \$42.7m in 1983-84 was

converted into a \$33m profit

last year, the group is carrying tax loss benefits of approximately US\$100m. As a result, improvement in US profitability will flow directly into group earnings.

Part of TNT's North American strategy is to become the leading door-to-door commodities carrier by acquiring trucking companies with a strong regional base and grafting them into a comprehensive network.

At present, Pilot Freight Hol-

land Motor Express and Best-

Way Transportation cover the

Eastern states, the mid-West,

California and Arizona.

At home, TNT operates Aus-

tralia's largest transport system,

and gross profits could well

grow by about 17 and 13 per

cent over the next two years.

But it views all things cagily.

Mr Cribb, asked whether the

planned Channel fixed link be-

tween Britain and France

would aid transport companies'

profits in Europe, replied with

out drawing breath: "I hope I

live to see it."

Dubai claim by US bank

BY ANGELA DIXON IN DUBAI

BANKERS TRUST of New York has filed a claim in the Dubai court against the Galadari brothers, two prominent local traders who are the subject of a court action initiated last week by Dubai Bank.

The suit by the US bank is separate to that filed by Dubai Bank, a hearing on which was adjourned yesterday.

The Dubai Inter-Continental Hotel is one of a range of assets of the Galadari group on which Bankers Trust has requested an attachment. However, a Citibank group of nine creditor banks has a

registered mortgage on the

After Dubai Bank and the Citibank syndicate, Bankers Trust is the largest single Galadari creditor. Last week's court action by Dubai Bank cited claims of over DH360m (\$100m). The syndicate has loans to the group totalling DH250m.

A total of 15 banks have outstanding loans with the group owned and managed by Mr Abdul Rahim Galadari and Mr Abdul Latif Galadari. The brothers recently settled with four of the original 15 banks.

Modest growth at Shiseido

By Wong Sulong in Kuala Lumpur

MALAYAN CEMENT, a cement and property group, has reported a 3.1 per cent drop in pre-tax profits to 29.5m ringgit (RM1.45bn) for the year ended November, on turnover which fell 12 per cent to 224m ringgit. Net earnings fell by a half to 15m ringgit.

The sharp fall in earnings was attributed to a glut of cement in Malaysia, which led to the imposition of production quotas on all cement plants, and lower rentals.

According to the company, "difficult trading conditions experienced in 1985 will continue to prevail," and improvements in earnings are "unlikely."

The final dividend is 3.12 cents per share, marking a total of 5.62 cents for the year, compared with 6.35 cents previously.

Citic begins direct talks on Ka Wah Bank takeover

BY DAVID BODWELL IN HONG KONG

SONG ZEMING, vice president of China International Trust and Investment Corporation (Citic), the Peking-based financial services group, arrived at the centre of the crisis over the Pan-Electric collapse in Singapore.

It is understood that Citic agreed to come to Ka Wah's rescue only as a result of protracted discussion, and as a contribution to maintaining the stability of Hong Kong's troubled banking sector.

Ka Wah is the fourth locally incorporated bank to have to be rescued in the past year. In July the Government bailed out the Overseas Trust Bank (OTB) and its subsidiary, the Hong Kong Industrial and Commercial Bank.

Earlier this month, Citic agreed in principle that it would take a 90 per cent stake in Ka Wah, which has 27 branches in Hong Kong and in which the Singapore-based Low family has a 40 per cent holding.

Ka Wah is understood to have run into serious difficulties because of a number of bad or doubtful loans to borrowers in Malaysia, and because of an unusually heavy dependence on

The Nippon Credit Bank (Curacao) Finance N.V.

US\$ 100,000,000 12% Guaranteed Notes due 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(b) of the Notes, US\$ 21,000,000 principal amount of the Notes has been drawn for redemption on the 3rd March, 1986, at the redemption price of 101% of the principal amount, together with accrued interest to 3rd March, 1986. The serial numbers of the Notes drawn for redemption are as follows:

5 649 1317 2026 2590 3262 3864 4526 5159 5848 6503 7158 7789 8443 9096 9707 10272 10810 11462 12080 12676 13291 13857 14528 15165 15797 16403 16964 17559 18139 18852 19461
8 650 1337 2032 2591 3263 3872 4530 5162 5849 6513 7159 7790 8444 9101 9715 10273 10811 11465 12083 12677 13293 13870 14530 15186 15803 16406 16965 17565 18142 18856 19463
11 654 1345 2045 2594 3265 3876 4532 5170 5853 6530 7174 7811 8460 9108 9716 10280 10813 11474 12084 12680 13294 13886 14533 15189 15804 16411 16983 17569 18153 18857 19469
12 662 1352 2047 2596 3266 3881 4533 5177 5853 6530 7174 7811 8460 9108 9719 10284 10821 11476 12086 12685 13292 13893 14534 15195 15806 16420 16992 17578 18169 18869 19476
13 663 1357 2048 2599 3267 3882 4534 5178 5857 6531 7175 7821 8462 9114 9722 10285 10824 11487 12087 12689 13293 13894 14536 15196 15811 16427 16999 17583 18179 18879 19484
14 668 1362 2053 2600 3268 3883 4535 5179 5858 6532 7176 7822 8463 9115 9723 10286 10825 11488 12088 12690 13294 13895 14537 15197 15812 16428 16998 17584 18182 18879 19488
15 669 1367 2057 2601 3269 3887 4535 5180 5859 6533 7177 7823 8464 9116 9724 10287 10826 11489 12089 12691 13295 13896 14538 15198 15813 16430 16999 17585 18183 18880 19490
16 673 1372 2062 2602 3270 3888 4536 5181 5860 6534 7178 7824 8465 9117 9725 10288 10827 11490 12090 12692 13296 13897 14539 15199 15814 16431 16999 17586 18184 18881 19491
17 677 1376 2067 2603 3271 3889 4537 5182 5861 6535 7179 7825 8466 9118 9726 10289 10828 11491 12091 12693 13297 13898 14540 15200 15815 16432 16999 17587 18185 18882 19492
18 683 1386 2058 2604 3270 3890 4538 5183 5862 6536 7180 7826 8467 9119 9727 10290 10829 11492 12092 12694 13298 13899 14541 15201 15816 16433 16999 17588 18186 18883 19493
19 694 1391 2063 2625 3271 3891 4539 5184 5863 6537 7181 7827 8468 9120 9728 10291 10830 11493 12093 12695 13299 13900 14542 15202 15817 16434 16999 17589 18187 18884 19494
20 702 1395 2064 2626 3272 3892 4540 5185 5864 6538 7182 7828 8469 9121 9729 10292 10831 11494 12094 12696 13300 13901 14543 15203 15818 16435 16999 17590 18188 18885 19495
21 711 1404 2069 2627 3273 3893 4541 5186 5865 6539 7183 7829 8470 9122 9730 10293 10832 11495 12095 12697 13301 13902 14544 15204 15819 16436 16999 17591 18189 18886 19496
22 715 1408 2074 2628 3274 3894 4542 5187 5866 6540 7184 7830 8471 9123 9731 10294 10833 11496 12096 12698 13302 13903 14545 15205 15820 16437 16999 17592 18190 18887 19497
23 721 1414 2079 2629 3275 3895 4543 5188 5867 6541 7185 7831 8472 9124 9732 10295 10834 11497 12097 12699 13303 13904 14546 15206 15821 16438 16999 17593 18191 18888 19498
24 725 1427 2084 2630 3276 3896 4544 5189 5868 6542 7186 7832 8473 9125 9733 10296 10835 11498 12098 12700 13304 13905 14547 15207 15822 16439 16999 17594 18192 18889 19499
25 729 1438 2093 2631 3277 3897 4545 5190 5869 6543 7187 7833 8474 9126 9734 10297 10836 11499 12099 12701 13305 13906 14548 15208 15823 16440 16999 17595 18193 18890 19499
26 734 1444 2094 2632 3278 3898 4546 5191 5870 6544 7188 7834 8475 9127 9735 10298 10837 11500 12100 12702 13306 13907 14549 15209 15824 16441 16999 17596 18194 18891 19499
27 740 1451 2100 2633 3279 3899 4547 5192 5871 6545 7189 7835 8476 9128 9736 10299 10838 11501 12101 12703 13307 13908 14550 15210 15825 16442 16999 17597 18195 18892 19499
28 746 1457 2106 2634 3280 3900 4548 5193 5872 6546 7190 7836 8477 9129 9737 10300 10839 11502 12102 12704 13308 13909 14551 15211 15826 16443 16999 17598 18196 18893 19499
29 754 1463 2112 2635 3281 3901 4549 5194 5873 6547 7191 7837 8478 9130 9738 10301 10840 11503 12103 12705 13309 13910 14552 15212 15827 16444 16999 17599 18197 18894 19499
30 760 1469 2118 2636 3282 3902 4550 5195 5874 6548 7192 7838 8479 9131 9739 1

INTERNATIONAL COMPANIES and FINANCE

Canadian Euroyen bond succeeds

BY ALEXANDER NICOLL

CANADA YESTERDAY met a warm reception when it launched the largest issue yet seen in the Euroyen bond market. The \$300m bond attracted broad interest despite an uncertain performance in the domestic yen market.

The Tokyo market's enthusiasm about the half point cut in discount rate to 44 per cent this week was dampened by fears that the coupon on the February government bond issue would be cut by 0.2 percentage points to 5.9 per cent.

But the attractiveness of Canada's name helped it to overcome this. The five-year bond, led by Nomura International, is priced at 1004 per cent with a 64 per cent coupon. The related swap enabled the borrower to obtain dollars at 55 basis points below London interbank offered rates. The issue was bid around one point below its issue price, compared with the total fees of 11 per cent.

The Canadian issue, somewhat over-subscribed, yielded 5.104 per cent. The Canadian dollar, guaranteed by Mitsubishi Landbank, is in the process of being swapped over to Canadian Treasuries.

It was followed by a C\$60m

First Boston. The indicated coupon is 64 to 7 per cent and conversion premium 16 to 20 per cent, price, and was trading just inside its fees.

In the dollar market, uncertainty about the direction of US rates made for only small movements in prices and restrained issuing activity.

Deutsche Bank Capital Markets launched a \$150m straight issue for a finance subsidiary of its parent, with the unusual feature that it is secured by a deposit with the parent bank, rather than bearing the guarantee of its Luxembourg unit.

The ten-year swap-driven issue has a 94 per cent coupon and a price of 1004 per cent. In spite of the fully aggressive spread of 27 basis points over US Treasuries, the name was expected to appeal to Continental investors. It was trading close to its fees.

Cafed parent of the fourth largest US savings and loan institution, met strong demand for a 15-year convertible which was increased from \$100m to \$125m by lead manager Credit Suisse of Lower Saxony. Led by

First Boston. The indicated coupon is 64 to 7 per cent and conversion premium 16 to 20 per cent, price, and was trading just inside its fees.

The Canadian dollar Eurobond market was reopened by the Australian Industrial Development Corporation, with a Commonwealth guarantee.

Canadian Imperial Bank of Commerce launched its \$310m five-year, 10 per cent issue at par, giving a 30 basis point spread over Canadian Treasuries.

It was followed by a C\$60m Bell Canada five-year issue, launched by UBS (Securities) with a 10 per cent coupon and 1004 per cent price, providing a 22 basis point spread over Treasuries.

Elsewhere, Fujikura Cable, a maker of electric cables with the Mitsui group, is issuing \$30m of five-year bonds with equity warrants attached, led by UBS. On Generali Occidente's \$75m issue, led by Societe, the indicated yield was slightly to 5.78 per cent with the coupon set at 92 per cent. The secondary market was quiet and unchanged.

US reopens foreign targeted debt sales

By Maggie Ury

THE US Treasury is reopening its programme of debt sales targeted for foreign investors, after a pause since last June. Next week's 10-year issue, part of the current quarterly \$225m refunding package, will include \$1bn to be sold in targeted form.

This will be the fourth such issue and the longest-dated one so far. The US Treasury first offered stock in this form in October, 1984, soon after the re-opening of US withholding tax. These bonds are sold in special registered form, which preserves the anonymity of the holders, while the US authorities demand assurances that they are not US citizens using the issue to avoid tax.

The first issue, a four-year bond, was well received, with bids four times the \$1bn on offer. The US Treasury was able to sell the bonds on a lower yield than the domestic portion of the same issue and thus to save money. Later issues had a less rapturous reception, limiting the cost savings, and traders say the issues have proved illiquid in the secondary market.

In the when issued market yesterday, the new bonds were trading at a yield around 25 basis points below the domestic yield. If the set of savings to be achieved in the auction, the Treasury may feel encouraged to step up its sales of foreign-targeted issues once more.

Nonetheless they say the total is far in excess of what the market could be expected to absorb as February is a short month. Of late it is also heavy in the domestic market where the Federal government is to launch an issue of some DM

One of these is expected to be a DM 500m bond for RWE.

February is also likely to see a \$225m bond with warrants permitting the purchase of DM denominated paper, though this has not been included in the calendar.

Bankers in Frankfurt said it

Japanese banks' lending abroad overtakes US

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

JAPANESE banks now far outstrip their US counterparts in terms of the volume of their international lending, according to new figures published today by the Bank for International Settlements.

The figures, which bring new insight into the structure of the world's banking system, show that international lending by Japanese banks totalled \$639.5bn at the end of September last year whereas that of US banks was only \$580.3bn.

They also show that the international banking system relied as of last September on the issue of certificates of deposit to the tune of \$86bn to fund its lending business. Only \$15.7bn of these certificates were in the hands of other banks, which means they provided a substantial source of outside funds to the market.

Breaking down the market according to the national ownership of banks, the BIS shows a striking structural difference in the activities of the two main players, Japanese and US institutions. Its figures are a refinement of an earlier series of statistics published in May last year.

While Japanese institutions are the most active internationally, their business both as regards lending, is far more heavily concentrated in the interbank market than that of their US rivals.

Interbank business accounts for \$234.6bn (44.5 per cent) of their total international lending, while out of their total international liabilities of \$61.5bn interbank deposits had a share of \$33.7bn.

By contrast US banks were much less reliant on the interbank market for deposits—\$120.7bn out of liabilities of \$45.6bn—as well as for lending business. Their interbank placements were only \$11.4bn out of the total assets of \$580.3bn.

As a result the difference between the two groups of banks is much narrower when it comes

to totals for final lending to non-bank customers. Japanese banks were only \$10bn ahead at \$179.1bn.

Between them Japanese and US banks accounted for nearly half the overall international banking market with shares of 26 per cent and 23.4 per cent respectively, although the US figure may be somewhat overstated because the figures include lending to offshore branches.

Other national groups come well behind the two front-runners, with British-owned banks in fourth place with a share of just 7.4 per cent after the French banks with 8.8 per cent of the market.

Taking the banking system as a whole, the BIS notes that interbank deposits form by far the largest part of the funding for lending activities. Its total interbank business accounts for \$234.6bn (44.5 per cent) of their total international lending, while out of their total international liabilities of \$61.5bn interbank deposits had a share of \$33.7bn.

The activity of Japanese banks was, meanwhile, evident in figures for third quarter international lending which are also published by the BIS today. Total international bank lending grew by "an unusually large" \$107.3bn to \$2.346.8bn during the quarter. While rather more than two-thirds of the growth represented currency valuation changes resulting from the decline of the dollar, another important factor was a

slowdown in lending by banks in currencies other than the dollar. Total claims denominated in yen declined slightly while those in Ecu increased by the equivalent of only \$1.1bn. The BIS attributes the latter development to a seasonal slowdown in Ecu lending to Italian borrowers rather than a diminishing attraction of the unit as it appreciated against the dollar.

But it notes that Ecu deposits by non-banks increased strongly, by 22 per cent to the equivalent of \$6.1bn.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Closing prices on January 30

US DOLLAR STRAIGHTS		Issued	Bid	Offer	day week	Yield	Change on	OTHER STRAIGHTS	
Ameriv. 10% '92	100	103	103	-0	+1	9.81		Barclays Au. 30 AS	80
Ameriv. Credit 10% '90	100	105	105	+0	+0	8.21		82.5	82.5
Ameriv. Credit 10% '91	100	105	105	+0	+0	8.21		85.5	85.5
Australia Com. 11.35 '90	200	108	108	+0	+1	9.50		88.5	88.5
Australia Com. 11% '90	100	110	110	-0	+1	9.87		90.5	90.5
BP Capital 11% '92	100	105	105	+0	+0	9.57		92.5	92.5
BP Capital 10% '92	200	105	105	+0	+0	9.22		94.5	94.5
Canada 10% '92	200	105	105	+0	+0	9.22		96.5	96.5
Canadian Pac. 10% '93	100	105	105	+0	+0	9.70		98.5	98.5
CEPM 10% '92	100	105	105	+0	+0	9.15		100.5	100.5
CEPM 10% '93	200	105	105	+0	+0	9.15		102.5	102.5
Citcorp 10% '92	200	101	101	-0	+0	9.24		104.5	104.5
Citcorp 10% '93	200	102	102	+0	+0	9.24		106.5	106.5
Coca Cola 10% '92	100	107	107	+0	+0	8.89		108.5	108.5
Danmark 11% '90	100	107	107	+0	+0	9.22		110.5	110.5
Danmark 11% '92	100	108	108	+0	+1	9.57		112.5	112.5
EDF 10% '95	225	107	102	-0	+1	8.64		114.5	114.5
EDF 11% '95	225	107	102	-0	+1	8.64		116.5	116.5
EIB 12.5% '92	200	113	113	+0	+0	9.78		118.5	118.5
EIB 12.5% '93	200	105	105	+0	+0	9.00		120.5	120.5
EIB 12.5% '94	200	105	105	+0	+0	8.50		122.5	122.5
EIB 12.5% '95	200	105	105	+0	+0	8.00		124.5	124.5
EIB 12.5% '96	200	105	105	+0	+0	7.50		126.5	126.5
EIB 12.5% '97	200	105	105	+0	+0	7.00		128.5	128.5
EIB 12.5% '98	200	105	105	+0	+0	6.50		130.5	130.5
EIB 12.5% '99	200	105	105	+0	+0	6.00		132.5	132.5
EIB 12.5% '00	200	105	105	+0	+0	5.50		134.5	134.5
EIB 12.5% '01	200	105	105	+0	+0	5.00		136.5	136.5
EIB 12.5% '02	200	105	105	+0	+0	4.50		138.5	138.5
EIB 12.5% '03	200	105	105	+0	+0	4.00		140.5	140.5
EIB 12.5% '04	200	105	105	+0	+0	3.50		142.5	142.5
EIB 12.5% '05	200	105	105	+0	+0	3.00		144.5	144.5
EIB 12.5% '06	200	105	105	+0	+0	2.50		146.5	146.5
EIB 12.5% '07	200	105	105	+0	+0	2.00		148.5	148.5
EIB 12.5% '08	200	105	105	+0	+0	1.50		150.5	150.5
EIB 12.5% '09	200	105	105	+0	+0	1.00		152.5	152.5
EIB 12.5% '10	200	105	105	+0	+0	0.50		154.5	154.5
EIB 12.5% '11	200	105	105	+0	+0	0.00		156.5	156.5
EIB 12.5% '12	200	105	105	+0	+0	-0.50		158.5	158.5
EIB 12.5% '13	200	105	105	+0	+0	-1.00		160.5	160.5
EIB 12.5% '14	200	105	105	+0	+0	-1.50		162.5	162.5
EIB 12.5% '15	200	105	105	+0	+0	-2.00		164.5	164.5
EIB 12.5% '16	200	105	105	+0	+0	-2.50		166.5	166.5
EIB 12.5% '17	200	105</td							

UK COMPANY NEWS

Beecham denies it is in bid talks

Beecham denied strongly yesterday that it is in takeover merger talks. In a formal statement to the Stock Exchange, the group said "no takeover or merger discussions have been held, and the company knows of no circumstances which indicate that a bid is under contemplation."

Beecham has been the subject of takeover rumours since Sir Ronald Halstead, group chairman, resigned in mid-November last year. A number of suitors have been suggested, including Unilever and Imperial Chemical Industries.

Yesterday's statement was in response to press reports that talks with ICI were currently in progress. ICI said: "Ever since our acquisitions team was set up in November 1984, we have been linked with a number of companies. We have made it a policy never to comment on rumours."

Beecham now proposes to follow suit. "Following the issue of this statement," Beecham said, "the company intends to revert to its established policy of not commenting on market rumours."

Beecham's shares closed 5p lower at 356p, valuing the group at £2.70m.

Fisons in Mexican pharmaceutical deal

Fisons announced yesterday that it has acquired Bracco De Mexico, a Mexican pharmaceutical company, for £2.18m.

The company said the deal — which is subject to approval from the Mexican Government — allows it to manufacture and sell its range of anti-alcohol drugs throughout Mexico, the world's 12th largest pharmaceuticals market. The current Fisons' operation in Mexico does not manufacture patented ethical drugs.

Bracco employs more than 100 people.

Guinness pay rise

Mr Ernest Saunders, the Guinness chief executive, received a 10 per cent pay rise last year. The company's annual report shows his pay rising from £150,000 to £195,900.

British Land sale

The British Land Company has completed the sale of its 50 per cent interest in Gullhall Investment Management to Asset Special Situations Trust.

British Land's, and its associated pension funds, holdings of 2.83m Asset shares have been placed with institutional investors for about £2m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such dates are for the purpose of considering dividends. Official indications are not available as to whether the dividends will be paid. The dates of the meetings of the divisions shown below are based mainly on last year's timetable.

INTERIM: J. & J. Dyson, Fleming Enterprise Investment Trust, Haynes Publishing, Nordic Investment Trust, Smith, Whitworth, Wholesale Fittings, Unilever, Anglo-American Development, London Developments, FUTURE DATES

Interim: (William) Feb 8
Finals: Associated Energy Services Feb 4
D. J. Security Alarms Feb 11

JUSCO CO. LTD.

At a meeting of the Board of Directors of the above Company held on 14th January 1986 it was resolved that a free distribution of fully paid shares of common stock to shareholders on the register of shareholders as at 20th February 1986 be made on the basis of one new share for every twenty shares then held. The Depository Shares of the Company evidenced by European Depository Receipts (EDRs) will, subject to the fulfillment of all necessary legal requirements in Japan, participate in this distribution through the issue of new EDRs. One Depository Share is equivalent to ten shares of common stock of the Company, and new EDRs can be issued only in multiples of one hundred Depository Shares. Accordingly any shares representing fractions of one hundred Depository Shares will be sold and the proceeds distributed to the persons entitled thereto.

Hill Samuel & Co. Limited, 45 Beach Street, London EC2P 2LX.

Weir forecasts 32% profit rise

BY MARTIN DICKSON

Weir Group, the engineering company, yesterday announced an estimated 32 per cent increase in 1985 pre-tax profits and appeared to be preparing to raise the value of its £18m contested takeover bid for Yarrow, its Glasgow neighbour.

Shares in Yarrow rose sharply, to close at 58p, up 5p on the day, in anticipation of a higher offer.

Lord Weir, chairman of Weir, spent the day in consultation with professional advisers. Any increased offer would have to

come this week, under the timetable laid down by the takeover code.

Weir estimated that its pre-tax profits in the year to December 27 1985 totalled £9m, against £8.5m in 1984 and £4.9m in 1983. After tax of 22.7m (£5m), earnings per share totalled 12.5p (10.5p and 10.3p (5.8p) fully paid).

The dividend payout is to be 2.875p, against 2.5p in 1984.

The company said that the effective rate of Corporation Tax charged in 1985 was expected to continue for some years.

It also estimated that net borrowings on December 27 totalled £2.2m (£19m) with share capital and reserves of £48.2m (£46.4m), giving gearing of 25.3 per cent (24.9 per cent).

Last week Yarrow forecast that its pre-tax profits would rise 36 per cent to 58p, up 5p on the year to June, and promised shareholders a near 17 per cent dividend increase. The profits increase is due partly to a £500,000 contribution from a pension payment holiday.

ERIC and Goal in fresh share shuffle

BY DOMINIC LAWSON

THE SHAREOUT in the UK independent oil sector took a fresh twist yesterday with a series of major share purchases which will affect the future of two companies — Energy Recovery Investment Corporation and Bricomin and Goal Petroleum.

ERIC's remaining 11 per cent stake in Goal, which holds a 5 per cent stake in the Witch Farm Oilfield, was sold in the market to Electra Investments Trust and Bricomin Investments, a subsidiary of British and Commonwealth. The two groups now have 5.16 per cent of Goal each.

Bricomin and Electra were two of the main original backers of Saxon Oil, which was founded by John Heaney, a fifth of City Oil, in 1974. Last year Saxon was taken over by Enterprise Oil for £120m, but since then

Heaney is believed to have told Mr Heaney that they would be keen to back him in any future venture. This is involved in Electra and Bricomin's move on Goal.

On Monday it was revealed that Premier Consolidated Oilfields, a UK oil company with a 12.5 per cent stake in the Witch Farm Oilfield, had acquired another 11 per cent stake in Goal held by ERIC.

Yesterday Premier's chairman, Mr Roland Shaw, said: "We have not made up our minds whether to make a full offer for Goal." Premier's problem is that in the current state of the oil market one of the two bids will be difficult to make. But the fact that Goal and Premier's major asset was the same property would make take-over terms easier to work out.

The new element is that the future is the intention of Morgan Grenfell, which has a 30 per cent stake in the company.

Morgan Grenfell has recently indicated its willingness to sell its stake to the highest bidder.

Electra and Bricomin have already expressed interest in the stake, which suggests that

Premier, Bricomin and Electra could all be acting chiefly as arbitrageurs waiting for a bid from the eventual acquirer of the Morgan stake.

The confusion was redoubled yesterday with the further news

that the Worms Group, a French trading and investment company, has sold 34 per cent of its stake in ERIC to TR Energy, the oil and gas arm of the French state-owned investment house.

Together with shares they already hold in ERIC, this gives the two companies a combined 44 per cent stake in ERIC. They are believed to have bought the stake at 90p per share, up more than the current price.

But the two groups are not obliged to make a full bid for ERIC, since its shares are quoted in Luxembourg, with only a listing in London. Morgan Grenfell has

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ML Holdings past £700,000

M. L. Holdings, manufacturing engineer, has increased interim taxable profits from £423,000 to £707,000 on turnover ahead from £14.95m to £22.3m.

The dividend for the six months to end-September 1985 has been raised by 15 per cent from 2p to 2.3p, which is comfortably covered by earnings per share of 11.15p against 6.61p.

Mr Ralph Price, the chairman, says that the company is performing significantly better than a year ago and adds that the board is confident of continued growth.

The outlook is good, he says, with strong production order books, although demand for new customer funded design work is less certain. "New products being introduced throughout the group provide a firm base for the future," he adds.

Attributable profits for the six

months amounted to £424,000, against £233,000, after tax of £283,000 (£190,000).

Profits in the 1984-85 year reached £1.42m pre-tax on turnover of £37.75m. The final dividend was 5p and earnings per share were 20.25p.

COMMENT

M. L. Holdings is struggling to achieve the right financial balance. The Ministry of Defence allows margins of 12 per cent on capital employed. In the competitive market such as the UK's, dispensers such as the Tornado's, dispenser for the Tornado's runway wrecking bomb. This form of payment exists for all the 809 aircraft ordered by the European partners in the project. For the group the JP 232 racks (which are consumables) constitute at least half of overall turnover. But the cost plus approach hardly rewards ML for making the modest prospective multiple of 13 on a 40 per cent tax charge.

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Attributable profits for the six

Hanson says Imperial has lost its way

Hanson Trust, which is making a £5m takeover bid for Imperial Group, the cigarette, food and brewing business, yesterday sought to counter a strong attack made by Imperial on Hanson's past performance.

In a letter to Imperial shareholders, it said the group's plans for a rival merger with United had lost momentum and "a desperate need for a new culture and strategic direction."

Imperial, in a defence issued earlier this month, attacked Hanson for operating in declining industries and said that, contrary to the general impression, the performance of most of its businesses was poor.

Hanson said that while both it and Imperial operated in mature industries, Hanson generated growth, while Imperial was "hard put to hold its own in its core business of tobacco."

Both companies, it added, had sought growth through acquisition. Imperial's purchases had been often disappointing or disastrous while Hanson had been profitable.

Meanwhile, Mr Gerry Allibone, chairman of Imperial's pub tenants' association, claimed yesterday that a Hanson takeover would be against the interests of tenants and customers,

30 new outlets would be opened in the next financial year but no other acquisitions were being considered at the moment.

Hanson also announced yesterday its results for the six months to end-September 1985 showing a fall in taxable profits from £282,000 to £228,000.

Turnover was higher at £41.3m, against £34.9m, but interest charges were doubled at £7.00m (£3.50m).

The company is paying a 1.3p dividend of 1.3p.

Mr Farmer said a minimum of

earn £225,000 in the coming year.

BTTS, a major tyre remoulder (Kwik-Fit is its biggest customer), has decided to get out of retailing to prevent possible conflict of interest with its retail customers.

The acquisition will increase the number of Kwik-Fit outlets to 307, up from a further eight planned to open before the end of the group's financial year on February 28.

The Monarch operation is profitable, he added, with a turnover of over £2m and should

asset value at £32p (77.8p).

SPAFAX Television Holdings, the UK-quoted corporate video arm, has achieved pre-tax profits of £2.45m, against £2.07m (£2.07m) for the six months to end-September 1985. Directors say that the two main factors affecting profits were a lower level of realised investment gains and the initial costs of about £1.5m (£1.00m) relating to the new division, Oceanic Audio Management. The company does not pay interim dividends.

PEERLESS which dived into the red in the latter part of the 1984-85 year, yesterday reported a return to profit for the six months to end-September 1985.

Mr B. S. Jones, chairman of Peerless, said yesterday that the deal was important in that it would give his company sites in areas where currently it is not represented.

The Monarch operation is profitable, he added, with a turnover of over £2m and should

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WIGGINS GROUP turn round from losses of £101,000 in the six months to end-September 1985.

A tax credit of £130,000 (£90,000) left net profits at £28,000 (£11,000), for earnings per 10p share of 2.6p (loses 0.1p).

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A tax credit

UK COMPANY NEWS

Rank rises 30% as growth gets underway

Rank Organisation, the leisure and entertainment group, yesterday beat City expectations when it unveiled its 1984-85 results showing profits some 30 per cent ahead of those of the previous year.

More than half of the increase was due to lower interest charges. These were cut from £15m to £3m.

However, all operating divisions slipped in higher contributions, particularly holidays and recreation, and at the pre-tax level profits for the year to October 31 1985 emerged £31.7m higher at £187m.

City analysts had been looking for profits of up to £130m and the group's share closed 54p higher at 494p.

A final dividend of 8.5p (7.2p) lifts the year's total by 5p to 15p net per 25p share.

Trading performance in the early part of 1985-86 has continued to show improvement in the managed businesses and increased profits from the associate and joint ventures.

Commenting on the past year's results Sir Patrick Meaney, the chairman, said the group's recovery period had ended in 1984 and its performance in 1985 signalled the proper start of Rank's entry into what I would term the revitalised expansion stage.

He added that group net borrowing had fallen from

around £240m two years ago to £165m, against previous £19.8m. Here the continuing businesses increased their take from £12.2m to £17.6m. Pre-tax profits took in an associate contribution of £21.1m (£65.4m) of which Rank Leisure was responsible for £6.4m (£6.9m).

Sir Patrick said the group now had an asset value per share which could "really earn its keep". He saw considerable prospects for further growth in profitability from leisure and precision industries business.



Chief executive and managing director Mr Michael Gifford pointed out that the earnings contribution from the managed businesses in 1984-85 had exceeded that from the associates for the first time in at least 20 years.

He revealed that all of the continuing businesses had contributed to the improvement and said Rank had now moved from the first to the second.

Overall, group turnover for the past year declined from £724.7m to £630.8m. This was made up to £607.2m (£564.1m) from the continuing activities and £23.7m (£16.8m) from the discontinued businesses.

Trading profits before related companies, came through at

£16.5m, against previous £19.8m. Here the continuing businesses increased their take from £12.2m to £17.6m. Pre-tax profits took in an associate contribution of £21.1m (£65.4m) of which Rank Leisure was responsible for £6.4m (£6.9m).

Tax accounted for £1.1m more at 25.2m but minorities were little changed at 20.4m (£16.8m). Extraordinary items added 6.0m (£6.9m).

During the year £50.9m was invested in capital expenditure and acquisitions. Planned sales of unwanted assets realised £107.8m and since the end of the year further sales have realised an additional £3.4m.

It is pointed out that the stated policy and current business plans of the group are to improve further the earnings per share (they rose from 27.7p to 36p in 1984-85) and to use its increasing market strengths and strong financial position to continue to develop profitability in current businesses by internal growth and selective acquisitions at home and overseas.

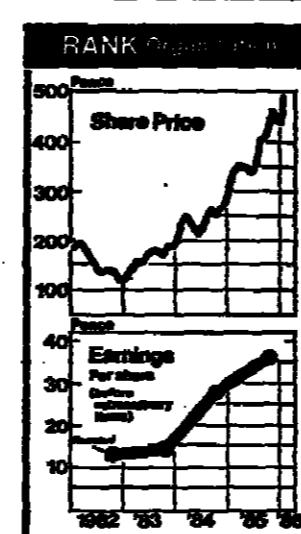
A divisional breakdown of trading results prior to associates shows: film and television services £11m (£7.1m), holidays and recreation £17.5m (£7.8m), holidays and catering £15.4m (£11.4m), precision industries £11.5m (£8.8m), North America



Mr Michael Gifford, chief executive of Rank Organisation

£1.8m (£1.2m) and Australia/Asia £2.2m (£2.1m). Cinema disposal profit amounted to £6.5m (£7.1m) and unallocated items £0.2m (£1.9m). Discontinued businesses accounted for profits of £1.6m (£0.6m).

Group subsidiary, A. Kershaw and Sons, which has an interest of 38.6 per cent in Rank Precision Industries (Holdings), after tax profits amounted to £2.3m (£20.13m). See Lex



Group shares returned net profits of £34.51m (£43.94m) for the same accounting year and is proposing a final dividend of 11p (15p). Including a special interim, already paid, of 80p the total for the year is 95p (15p).

Rank Precision Industries (Holdings), after tax profits amounted to £2.3m (£20.13m). See Lex

Associated Fisheries lifts profit by 65%

Associated Fisheries, operator and manager of fishing vessels and fish processor, has increased full year taxable profits by nearly 65 per cent from £2.0m to £3.4m.

A part of the increase stemmed from a rise in investment income, from £94,900 to £158,300, on turnover up 0.23 per cent from £2.37m to £2.55m.

A final dividend of 7p is proposed, making 12p for the year, compared with 11p. A first interim dividend for 1986 of 1p has been declared.

Operating profits, before investment income, rose by £67,000 to £2.26m which reflects better results for the year to September 30 1985 from most of the group's activities, say Mr Keith Fitzgerald, the chairman.

Turnover was just over £16m higher at £25.35m. Pre-tax profits included a much lower £2.006 (£10.006) contribution from related companies, and were struck after interest payable of £207,000 (£267,000).

Earnings per 25p share were 2.23p higher at 10.43p. The final dividend is being lifted by 1.5p, making a total of 25.75p (2.75p).

Retained profits emerged at £2.27m (£1.76m) after tax of £539,000 (£509,000) and extraordinary credits of £227,000 (£206,000), which largely comprised of decommissioning grants and profit on sales of fishing vessels.

• comment

Over the past two years Lourho has gone a long way towards meeting the charges of its critics. Accounting standards have been applied in a more consistent fashion, the House of Fraser stake has been sold (if not forgotten) and the group has concentrated on improving both the quality and quantity of earnings. All these efforts have been rewarded with a share price which, at 227p, stands far above the historic trading range, if not quite as high as underlying net asset value.

Mr "Tiny" Rowland, the chief executive, highlighted progress by the UK Volkswagen and Audi vehicle importer and the continued recovery by International Shippers Kuhne and Nagel.

• comment

Associated Fisheries' results would have looked considerably less rosy without the US investment profits but the group nevertheless improved its performance in all divisions save trawling, the last remnants of which slipped into loss, and fast food, where the group is to be found blaming a deficit on the inspection of VAT on takeaway food and the miners' strike. Unless

there is another investment bonanza this year the group will probably do no more than stand still, putting the shares, down 1p at 123p, on a prospective p/e ratio of 11 after a 40 per cent tax charge. It is hard to see what incentive it has to do better.

Eastern Produce's stake is now at 46.7 per cent and apparently rising inexorably at the rate of 2 per cent a year to the point where sometime in 1987 Associated

Fisheries will disappear into its balance sheet. At yesterday's price and an asset value of 21.75p, it will have got itself a bargain, but with Associated Fisheries holding out few attractions to any potential bidder, it is hard to see what these about to become minority shareholders have to gain by holding on.

• comment

Presumably everyone was looking the other way when Domino's figures were released. That is about the only explanation behind yesterday's 10p fall to 27.5p on an excellent set of

figures. The pre-tax line may seem no more than on target but it has been struck after an unexpected £305,000 write-off against the cash purchase of Cyllop printers. This opens up ink jet technology for one to three inch characters against Domino's own line. Cyllop's machines have required some re-engineering and there will not be a significant contribution this year but within three years a quarter of profits could come from the purchase.

The 1984 comparisons have been restated to present the results of the group as if Domino Amjet had been a wholly-owned subsidiary since it began trading on November 1 1983. In April 1985 Domino agreed to acquire the 49 per cent minority interest previously held by American Technologies.

Since the year end Domino Amjet purchased Chemetron for £606,000 cash. This followed an announcement in June 1985 of the formation of an ink division within Domino Amjet, and

the group's pre-tax profits to

1985 were £2.13m (£1.74m) from which selling and distribution costs rose to £1.29m (£1.02m) and administrative expenses £1.4m (£1.22m). Other operating costs good levels of activity in future years from these activities.

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Lonrho lives up to market expectations with 17% increase

Lonrho, the international conglomerate, turned in results for 1985. In line with market expectations with pre-tax profits up 17 per cent and earnings per share 22 per cent higher.

Pre-tax profit for the year to September 30 1985 amounted to £158.3m, against £135.4m for 1983-84, on turnover up 0.23 per cent from £2.37m to £2.55m.

A final dividend of 7p is proposed, making 12p for the year, compared with 11p. A first interim dividend for 1986 of 1p has been declared.

Operating profits, before investment income, rose by £67,000 to £2.26m which reflects better results for the year to September 30 1985 from most of the group's activities, say Mr Keith Fitzgerald, the chairman.

Turnover was just over £16m higher at £25.35m. Pre-tax profits included a much lower £2.006 (£10.006) contribution from related companies, and were struck after interest payable of £207,000 (£267,000).

Earnings per 25p share were 2.23p higher at 10.43p. The final dividend is being lifted by 1.5p, making a total of 25.75p (2.75p).

Retained profits emerged at £2.27m (£1.76m) after tax of £539,000 (£509,000) and extraordinary credits of £227,000 (£206,000), which largely comprised of decommissioning grants and profit on sales of fishing vessels.

• comment

Over the past two years Lonrho has gone a long way towards meeting the charges of its critics. Accounting standards have been applied in a more consistent fashion, the House of Fraser stake has been sold (if not forgotten) and the group has concentrated on improving both the quality and quantity of earnings. All these efforts have been rewarded with a share price which, at 227p, stands far above the historic trading range, if not quite as high as underlying net asset value.

Mr "Tiny" Rowland, the chief executive, highlighted progress by the UK Volkswagen and Audi vehicle importer and the continued recovery by International Shippers Kuhne and Nagel.

• comment

Associated Fisheries' results would have looked considerably less rosy without the US investment profits but the group nevertheless improved its performance in all divisions save trawling, the last remnants of which slipped into loss, and fast food, where the group is to be found blaming a deficit on the inspection of VAT on takeaway food and the miners' strike. Unless

there is another investment bonanza this year the group will probably do no more than stand still, putting the shares, down 1p at 123p, on a prospective p/e ratio of 11 after a 40 per cent tax charge. It is hard to see what incentive it has to do better.

Eastern Produce's stake is now at 46.7 per cent and apparently rising inexorably at the rate of 2 per cent a year to the point where sometime in 1987 Associated

Fisheries will disappear into its balance sheet. At yesterday's price and an asset value of 21.75p, it will have got itself a bargain, but with Associated Fisheries holding out few attractions to any potential bidder, it is hard to see what these about to become minority shareholders have to gain by holding on.

• comment

Over the past two years Lourho has gone a long way towards meeting the charges of its critics. Accounting standards have been applied in a more consistent fashion, the House of Fraser stake has been sold (if not forgotten) and the group has concentrated on improving both the quality and quantity of earnings. All these efforts have been rewarded with a share price which, at 227p, stands far above the historic trading range, if not quite as high as underlying net asset value.

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COMMODITIES AND AGRICULTURE

Overfishing still a problem says OECD

By Andrew Gowers

SURPLUS CAPACITY and excessive exploitation of stocks remain serious problems for the world's fishing industry, according to a comprehensive study of trade in fish products by the Organisation for Economic Co-operation and Development (OECD).

The report "examines what it describes as the 'considerable dislocation' which has occurred in the fisheries sector over the last decade. This primarily stems from decisions by most coastal states in 1977 to establish exclusive zones for fishing—known as Exclusive Economic Zones (EEZs)—within 200 miles of their coastlines, outlawing uncontrolled fishing outside their previous six or 12-mile limits.

As a result, says the OECD, yearly catches totalling between 12m and 14m tonnes—amounting to about 20 per cent of the world's total, which has been redistributed from one country to another.

"Increasingly, fishing is being conducted by domestic fleets in domestic waters," it says.

The effects of the new regime have been mixed. On the one hand, says the report, it has curbed the more uncontrolled overfishing—although the benefits of this are still described as largely potential, as the process of rebuilding stocks is a very slow one.

On the other, it has caused great difficulties for countries with distant-water fishing fleets, including OECD member states such as West Germany as well as South Korea, Taiwan and East European countries like Poland and the Soviet Union.

The report estimates that, in the early 1970s, distant-water fleets were taking more than a quarter of the annual world fish catch for human consumption from waters which now fall under national jurisdiction. One of the few ways that these ships can preserve their access to such waters is by striking bilateral trade deals, of which the OECD notes a proliferation in recent years.

But even where access has been lost for good, and in spite of the fact that the need now is for shorter-range and smaller ships to exploit coastal waters, the report points out that many countries have been slow to reduce their distant-water fishing fleets.

"Fishing intensity has not decreased because of the problems associated with the allocation of shared stocks, the lack of alternative deployment opportunities for fleets whose access was further limited, and various social considerations," it says.

Problems of Trade in Fishery Products, OECD, 2 rue Andre-Pascal, 75775 Paris Cedex 16, France.

Tin crisis talks to start today

By STEPHEN WAGSTYL

THE International Tin Council and its creditors are due to start negotiations today on settling the crisis which has paralysed the tin market for the past three months.

The opening of the long-awaited talks will put strong pressure on the authorities of the London Metal Exchange to continue with the suspension of tin trading which came into force on October 24. The LME board and committee, which meet today, indicated earlier this month that they wanted to re-open the market by the end of January. However, the 13 brokers with tin council contracts are certain to press for further delays to allow time for the negotiations.

However, it seems unlikely that there will be rapid progress at the talks between the ITC team, made up of delegates from the tin council and led by Mr Peter Lai, the executive chairman, and the representatives of creditor banks and brokers, who are together owed some \$200m.

The negotiations will centre on the rescue plan put forward by Mr Peter Graham, senior deputy chairman of Standard Chartered Bank, and Mr Ralph Kestenbaum, joint managing director of broker Gerald Metals. This involves setting up a new committee to take over the council's \$500m-tonne stockpile and sell off the metal over three years to clear the market in November.

Jopling attacks W. German stance on cereals prices

By ANDREW GOWERS

MICHAEL JOPLING, Britain's Agriculture Minister, yesterday launched a direct attack on West Germany's approach to the forthcoming EEC farm price negotiations, reiterating his call for a tough price policy in order to cut cereals production.

Speaking at a cereals seminar in West Berlin, Mr Jopling also criticised the European Commission's proposal for a responsibility levy on cereals producers on the grounds that it gives special treatment to small farms. The Commission's plan, which also includes a tightening of cereal quality standards, is likely to hit UK farmers particularly hard.

"A sensible future for European agriculture must involve a reasonable balance among different types of farm, and must avoid artificial discrimination against any category," Mr Jopling said. "The Commission's proposal... is a prime example of the misguided approach which arises from the failure to take this into account."

• Britain's National Farmers' Union is to press for special measures to help small farmers, its governing council decided this week.

Advanced by Mr Ignaz Kiechle, West Germany's Farm Minister, in the run-up to this year's EEC price-fixing, Mr Kiechle has indicated that, although he is opposed in principle to cereal price cuts of any kind, he is prepared to consider the core-sponsibility proposal—but only on condition that small farms are exempted.

"I believe... that we need to examine more critically the notion that a main aim of European agricultural policy should be to favour small-scale family farms," said Mr Jopling.

"I am surprised that this principle should have taken root so strongly in Germany, where as I understand it quite a high proportion of farmers derive much of their income from working in forward-looking, innovative, and above all large-scale industries outside farming."

News of the Brazilian decision boosted New York futures prices again soon after the opening yesterday. But the market then lifted the March quotation by 145 cents to \$9.80 cents a lb, was quickly trimmed back.

Opec policy rift widens

By Dominic Lawson

NORTH SEA oil prices rose and then fell as further splits emerged yesterday among members of Opec (the Organisation of Petroleum Exporting Countries).

The Indonesian oil minister, Dr Subroto, said that the Organisation would probably increase its output ceiling from 16m barrels a day to 18m bpd.

Oil is currently producing at least 18m bpd, but if it were to produce at such levels throughout the year there would be a glut sufficient to drive the price below the current level, already the lowest since the Iranian revolution.

The threat of even lower prices is causing Opec members with little capacity to increase production to doubt the wisdom of pursuing a policy aimed at a greater market share.

The Iranian deputy oil minister, Mr Hossein Kazempour Aredabadi said yesterday: "The sharp decrease in prices has created circumstances in which the total earnings of member countries, even those producing above their quotas, are going to be lower. Now could be the time to ask all the member countries to take part in lowering production."

Yesterday Brent, the main North Sea crude, traded as high as \$19.20 for March delivery before falling back to around \$18.50.

It emerged yesterday that one cargo of Brent for delivery in January has been traded 114 times, almost twice the previous record and an indication of the nervousness of the market.

Brazil halts orange juice registrations

By ANDREW GOWERS

JOEL MICHAEL JOPLING, Britain's Agriculture Minister, yesterday launched a direct attack on West Germany's approach to the forthcoming EEC farm price negotiations, reiterating his call for a tough price policy in order to cut cereals production.

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LONDON MARKETS

THE COFFEE futures market had another volatile day yesterday. New York's overnight fall signalled a lower opening and the March position added some \$50 to Wednesday's \$256 fall early on. But short covering and technically-based buying brought a strong rally and the price gained nearly \$150 a tonne before settling back to end \$25 up on the day at \$2,250 a tonne. Dealers' views on the market's immediate prospects vary widely. Some argue that the tone is still technically weak with little chart support to prevent a renewed decline. But others think the market has seen the bottom of the reaction against the recent dramatic price. They expect it to consolidate and then stage a sustained rally. On the London Metal Exchange sterling's strength pushed copper prices lower and increased "leasing" (selling cash and buying forward) widened the cash discount against the three-month position. Cash higher grade copper ended the day at \$2,125, down at \$1,012 a tonne while the three months quoted were only \$16 lower at \$2,099 a tonne.

• **COFFEE** prices supplied by Amalgamated Metal Trading.

COFF

CURRENCIES, MONEY and CAPITAL MARKETS

up to
station
crease
1000

FOREIGN EXCHANGES

Dollar weak on poor data

The dollar reacted sharply to disappointing US economic data yesterday but managed to finish some way above the day's lows. News of a 0.9 per cent rise in leading economic indicators prompted a bout of heavy selling seen in the market. The dollar had been for a rise of 1.1 per cent and a record trade deficit in December of \$17.37bn compared with expectations of nearer \$12bn also weighed heavily on the dollar.

There were numerous rumours circulating the market about possible intervention by the US Federal Reserve, but these remained very difficult to prove or disprove. The market was also weighed down by the long term implications of lower oil prices and the possible effect on the US economy. In addition comments made by White House spokesman Mr Larry Speakes suggesting that he knew of no new policies to bring down the dollar, other than those that had been set in motion, failed to instill much confidence. The dollar did manage to finish above its worst levels however with initial reactions probably a little overdone.

Nevertheless it was still down from Wednesday and after touching a low of DM 2.3675, it finished at DM 2.3750, down from DM 2.3775 on Wednesday, its worst closing level since January 1983. A firm yen also depressed the dollar and it fell to Y193 from Y194, its lowest close since

£ IN NEW YORK

Quotations
Jan. 30 Prev. close
\$ spot \$1.607/4117 \$1.6085/1.6092
1 month 1.6124/1.6196 1.6125/1.6197
12 months 1.6203/1.6209 1.6205/1.6210

Forward premiums and discounts apply to the US dollar.

November 1978. Elsewhere it slipped to \$WFr 2.02 from \$WFr 2.0215 and FF 7.3225 compared with FF 7.3220. On Bank of England figures, the dollar's exchange rate index fell from 123.4 to 123.1.

Sterling was slightly firmer overall. Its exchange rate index closed at 74.4, down from a peak of 74.6 seen on the afternoon of Wednesday's close of 74.2. The pound tended to stay on the sidelines for much of the day, overshadowed by the dollar. Sterling's slight firmness trend, however, was a lot of underlying uncertainty, as oil prices improved to \$1.4055/1.4105, a rise of 75 points. It was also firmer against the D-mark at DM 3.3650 from DM 3.3475 and Y772.25 from \$WFr 2.8475 from \$WFr 2.8350 and FF 7.3225 compared with FF 7.3225.

D-MARK — Trading range against the dollar in 1985-86 is 2.4510 to 2.3750. December average 2.5120. Exchange rate index

133.0 against 123.6 six months ago.

The D-mark was firmer in Frankfurt yesterday, helped by the dollar's sharp fall on disappointing US economic data. The US unit was marked down sharply on worse than expected trade figures and leading economic indicators and a statement from the White House denying knowledge of any policy to bring down the dollar. The dollar's help to the US unit effect a partial recovery. It closed at DM 2.28 up from a low of DM 2.3875 but down from an opening level of DM 2.3225. The dollar's weakness boosted the D-mark within the ERM and the central bank moved above its divergence limit. Central banks are expected to take measures at this stage to keep their respective currencies within this limit but there was no sign of any such move by the Bank of England.

JAPANESE YEN — Trading range against the dollar in 1985-86 is 263.15 to 183.35. December average 232.747. Exchange rate index 152.5 up from 151.5 six months ago.

The yen was stronger against the dollar in Tokyo yesterday as the US unit reacted to further comments urging a reduction in US interest rates. The dollar slipped to Y183.95 down from Y194.10 in New York and Y194.30 on the Bank of England's figures. The yen was also stronger during the afternoon, however, ahead of US economic data due for release.

CURRENCY MOVEMENTS

Jan. 30	Days' spread	Close	One month	%	Three months	%	One year
US	1.0000-1.0100	1.0000-1.0100	1.0000-1.0100	0.00	1.00-1.0200	0.00	1.00-1.0200
Canada	1.3845-1.3925	1.3845-1.3925	1.3845-1.3925	0.00	1.38-1.4000	0.00	1.38-1.4000
Belgium	68.65-68.85	68.65-68.85	68.65-68.85	0.00	68.65-68.85	0.00	68.65-68.85
Denmark	1.0105-1.0125	1.0105-1.0125	1.0105-1.0125	0.00	1.01-1.0200	0.00	1.01-1.0200
W. Ger.	3.3195-3.3305	3.3195-3.3305	3.3195-3.3305	0.00	3.31-3.3300	0.00	3.31-3.3300
Portugal	217-220	218-219	218-219	0.00	217-220	0.00	217-220
Spain	1.2285-1.2295	1.2285-1.2295	1.2285-1.2295	0.00	1.22-1.2300	0.00	1.22-1.2300
Italy	10.45-10.50	10.45-10.50	10.45-10.50	0.00	10.45-10.50	0.00	10.45-10.50
Norway	10.45-10.50	10.45-10.50	10.45-10.50	0.00	10.45-10.50	0.00	10.45-10.50
France	10.257-10.322	10.252-10.320	10.252-10.320	0.00	10.257-10.322	0.00	10.257-10.322
Sweden	7.2700-7.2715	7.2700-7.2715	7.2700-7.2715	0.00	7.2700-7.2715	0.00	7.2700-7.2715
Japan	22.53-22.61	22.53-22.61	22.53-22.61	0.00	22.53-22.61	0.00	22.53-22.61
Austria	2.0280-2.0285	2.0280-2.0285	2.0280-2.0285	0.00	2.0280-2.0285	0.00	2.0280-2.0285
Switz.	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	0.00	1.0000-1.0000	0.00	1.0000-1.0000
Belgian franc is for convertible francs. Financial franc 100.00-100.10. Six-month forward franc 3.33-3.3500. Pmt. = premium.							

Morgan Guaranty changes: average 1985-1986 to 100. Bank of England index (base average 1975-1985).

Forward premiums and discounts apply to the US dollar and not to the convertible franc. Belgian franc is for convertible francs. Financial franc 49.35-49.75.

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UK and Ireland are quoted in US currency. Forward premiums

WORLD STOCK MARKETS

AUSTRIA		GERMANY		NORWAY		AUSTRALIA (continued)		JAPAN (continued)		CANADA	
Jan. 30	Price Schs	Jan. 30	Price Dm	Jan. 30	Kroner	Jan. 30	Austs.	Jan. 30	Yen	Jan. 30	Stock
	+ or -20								+ or -2		High
Creditanstalt PP	2,380	Bergens Bank	168	MHI	368	Gen. Prop. Trust	8.2	Con Bath A	8224	LL Lac.	200
Deutsche	-50	Sorrgaard	452.5	Mitsui Bank	970	Hardie (James)	5.55	CDist B	56	Lacana	535.7
Allianz Vers	2,255	Christiania Bank	176	Mitsui	407	Hartogen Energy	1.9	Con Gas	2474	Laidlaw	510.9
Interum	-14,100	DenNorake Crd	177.5	Mitsui Estate	1,010	Herald W/Times	2.2	Con Glass	510	Leigh Inst	147.4
Jungbunzlauer	30,000	Elken	96.5	Mitsui Toatsu	209	KC Aust	2.2	CTL Bank	507	Loblaw Co	147.4
BASF	260.2	Kosmos	176	Mitsui	586	Mitsui	0.22	Conves B	578	Lumonics	137.4
Laenderbank	4,050	Kværner	176.5	Mitsui Isolators	985	OKC	0.18	Corby	5174	MCC	265.0
Permoosar	650	Norcem	149	Mitsui	679	Nordic Sec	0.5	C Falcon	518	Mitsui Ex	305
Steyr Daimler	167	Norsk Data	176	Mitsui	1,360	Nordic Sec	0.5	CTA	174	Mitsui Ex	305
Veltischer Mag	9,610	Norsk Hydro	402	Mitsui	300	Nippon Denso	6.55	Corporation	174	Mitsui Ex	305
BHF-Bank	502	Storebrand	262	Mitsui	562	Nippon Elect	5.00	Corporation	174	Mitsui Ex	305
BMW	577			Mitsui	562	Nippon Express	5.55	Corporation	174	Mitsui Ex	305
Brown Boveri	238.5			Mitsui	562	Nippon Gakki	5.40	Corporation	174	Mitsui Ex	305
Commerzbank	312			Mitsui	1,060	Nippon Kogaku	4.25	Corporation	174	Mitsui Ex	305
Conti. Gummi	191			Mitsui	125	Nippon Kogen	10.6	Corporation	174	Mitsui Ex	305
Daimler-Benz	1,300			Mitsui	600	Nippon Oil	5.00	Corporation	174	Mitsui Ex	305
Degussa	462			Mitsui	487	Nippon Seiko	2.65	Corporation	174	Mitsui Ex	305
B.B.I.	8,560			Mitsui	797	Nippon Shimpaku	7.5	Corporation	174	Mitsui Ex	305
Bang. Gen. Lux	11,000			Mitsui	1,360	Nippon Shishaku	6.55	Corporation	174	Mitsui Ex	305
Bang. Int. A. Lux	9,850			Mitsui	300	Nippon Steel	168	Corporation	174	Mitsui Ex	305
Bekaert	8,660			Mitsui	562	Nippon Sulsan	540	Corporation	174	Mitsui Ex	305
GHH	241.5			Mitsui	408	North Star Hill	1.25	Corporation	174	Mitsui Ex	305
Clement GSR	8,075			Mitsui	408	Oakridge	2.52	Corporation	174	Mitsui Ex	305
Cookerill	164			Mitsui	217	Pacific Busip	1.53	Corporation	174	Mitsui Ex	305
Hochstet	9,020			Mitsui	189	Pancontinental	2.7	Corporation	174	Mitsui Ex	305
Hoesch	178.2			Mitsui	572	Pioneer Corp.	1.50	Corporation	174	Mitsui Ex	305
Electrobel	11,800			Mitsui	1,020	Positron	1.50	Corporation	174	Mitsui Ex	305
Holzmann (P)	551			Mitsui	1,020	Queensland Coal	1.50	Corporation	174	Mitsui Ex	305
Horten	303			Mitsui	607	Olympia	9.75	Corporation	174	Mitsui Ex	305
Huseid	420			Mitsui	169	Onoda Cement	517	Corporation	174	Mitsui Ex	305
General Bank	4,400			Mitsui	331	Orient Finances	5.55	Corporation	174	Mitsui Ex	305
Gevaert	5,080			Mitsui	579	Orient Leasing	9,000	Corporation	174	Mitsui Ex	305
Hoboken	6,060			Mitsui	251.5	Pioneer	5.55	Corporation	174	Mitsui Ex	305
Intercom	3,000			Mitsui	1,290	Reckitt & Colman	9.50	Corporation	174	Mitsui Ex	305
Pan-Hidge	11,000			Mitsui	1,290	Repco	44811	Corporation	174	Mitsui Ex	305
Petrofina	6,050			Mitsui	607	Rex	540	Corporation	174	Mitsui Ex	305
Royale Belge	15,400			Mitsui	251.5	Ricoh	1,110	Corporation	174	Mitsui Ex	305
Soc. Gen. Belge	2,120			Mitsui	169	Rioch	1,110	Corporation	174	Mitsui Ex	305
Sofina	7,840			Mitsui	94	Ritac	1,110	Corporation	174	Mitsui Ex	305
Solvay	6,560			Mitsui	107.5	Ritac	1,110	Corporation	174	Mitsui Ex	305
Stanwick Int'l	1,170			Mitsui	251.5	Ritac	1,110	Corporation	174	Mitsui Ex	305
Tractionel	5,100			Mitsui	1,290	Ritac	1,110	Corporation	174	Mitsui Ex	305
UCB	5,640			Mitsui	1,290	Ritac	1,110	Corporation	174	Mitsui Ex	305
Wagons Lits	4,730			Mitsui	1,290	Ritac	1,110	Corporation	174	Mitsui Ex	305
DENMARK											
Jan. 30	Price Knr %	Jan. 30	Price Knr %	Jan. 30	Price Kronor	Jan. 30	Price Knr %	Jan. 30	Yen	Jan. 30	Stock
	+ or -1								+ or -1		High
Andeliebanken	371			AGA	150	Alfa-Laval B	248	Con Bath A	8224	Toronto	7974
Baltica Skand	550			ASEA (Free)	248	Alfa-Laval B	56	Con Bath B	56	LL Lac.	535.7
Cop Handelsbank	287			Atlas Copco	180	Alfa-Laval B	156	Con Gas	2474	Lacana	510.9
D. Sukkerfab	400			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	Laidlaw	147.4
Danske Bank	349			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	Leigh Inst	147.4
De Danske Lurit	1,480			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	Loblaw Co	147.4
East Asiatic	248			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	Lumonics	137.4
Forenede Bryg	905			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
Forenede Damp	284			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
GNT Hld	595			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
I.S.B.B.	580			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
Jyske Bank	795			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
Novo Inds	257			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
Privatbanken	288			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
Provinbanken	415			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
Smedt (F.L.) B	283			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
Sophus Berendt	825			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
Superfos	599			Atlas Copco	245	Alfa-Laval B	209	Con Glass	510	MCC	265.0
FRANCE											
Jan. 30	Price Fr.	Jan. 30	Price Fr.	Jan. 30	Price Fr.	Jan. 30	Price Fr.	Jan. 30	Yen	Jan. 30	Stock
	+ or -1								+ or -1		High
Emprunt 442	1,630			Adia Int'l	4,725	Alfa-Laval B	1,560	Con Bath A	1,560	Scotiabank	525.4
Emprunt 78	1,775			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Accor	517.5			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Air Liquide	636			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
BIO	519			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Bongrain	1,660			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Bouygues	970			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
BSN Gervais	2,960			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
CIT Alcatec	1,525			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Carrefour	3,031			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Club Medicina	474			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Cle Bancalre	955			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Cofimog	577			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Demart	1,806			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Darty	2,250			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Durmz S.A.	1,260			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Eaux (Cie Gen)	1,004			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
El-Aquitan	2,066			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Essilor	2,115			Alfa-Laval B	590	Alfa-Laval B	1,560	Con Bath B	56	Scotiabank	566.5
Gen.Occidentale											

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Stock	Sales (Units)	High	Low	Last	Chg	Stock	Sales (Units)	High	Low	Last	Chg	Stock	Sales (Units)	High	Low	Last	Chg
Continued from Page 37																	
PatentM	55	61 ¹	58 ¹	61 ¹	-1 ¹	RosetPet	132	107 ¹	107 ¹	107 ¹	-1 ¹	Stihl	37	50 ¹	8	50 ¹	+1 ¹
PaulHr	302	121 ¹	117 ¹	12 ¹	-1 ¹	RyanFa	304	254 ¹	254 ¹	254 ¹	-1 ¹	US Steel	12	148	41 ¹	4	+1 ¹
Paychix	74	21	20 ²	20 ²	-1 ¹	SAYInd	84	11 ¹	10 ¹	10 ¹	+1 ¹	US Sur	120	1314	20 ¹	19 ¹	+1 ¹
PeakHC	39	121 ¹	121 ¹	121 ¹	+1 ¹	SCI Sy	575	224 ¹	212 ¹	212 ¹	-1 ¹	US Trs	20	175	44 ¹	44 ¹	+1 ¹
PegGld	66	705	75 ¹	74 ¹	-1 ¹	SEI	10 ¹	133	47 ¹	47 ¹	+1 ¹	USTan	24	4	24 ¹	24 ¹	+1 ¹
PenEx	220	37	36 ¹	37 ¹	+1 ¹	SFE	80	97	172 ¹	171 ¹	-1 ¹	UnTele	22	4	26	26	-1 ¹
Pentair	.72	42	29 ¹	29 ¹	+1 ¹	SRI	10 ¹	25	24 ¹	24 ¹	+1 ¹	UVaBrd	164	58	40 ¹	40 ¹	+1 ¹
PeopEx	10 ¹	8825	10 ¹	10 ¹	+1 ¹	SafCo	1,60	2013	54	51 ¹	+1 ¹	UnVtr	207	24 ¹	24 ¹	24 ¹	+1 ¹
Polfie	1.12	33	27	29 ¹	+1 ¹	SafMts	3	2565	94 ¹	86 ¹	+5 ¹	UVaBrd	156	15	17 ¹	14 ¹	+1 ¹
Pharm	150	1513	104 ¹	99 ¹	-1 ¹	SaCo	26	260	58 ¹	58 ¹	+1 ¹	USSBk	156	15	17 ¹	14 ¹	+1 ¹
PSFS	530	906	225 ¹	221 ¹	+1 ¹	SaCot	17	314 ¹	302 ¹	301 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
PhiliG	4	37 ¹	34 ¹	34 ¹	+1 ¹	SaCot	27	172 ¹	17 ¹	17 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
PickA	52	42	24 ¹	25 ¹	+1 ¹	Schmidt	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
PionH	1.04	1288	351 ¹	354 ¹	+1 ¹	Schmidt	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
PionSt	.12	24	10 ¹	10 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Pofolk	153	51 ¹	51 ¹	51 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
PicyMg	220	27	26 ¹	26 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Pora	78	19 ¹	19 ¹	19 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Powerv	32	128	124 ¹	124 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
PwCom	.12	339	111 ¹	101 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Precisi	.12	86	304	30	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Prpdlg	175	165	6	5	-1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Priam	461	61 ¹	61 ¹	61 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
PriceCo	431	70	69 ¹	68 ¹	-1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Pritons	183	128	124 ¹	124 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
ProdOp	16	419	47 ¹	4	-1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
ProgCr	12	315	513 ¹	494 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
PropTr	1.20	20	112 ¹	111 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
ProvIn	54	220	22 ¹	22 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Purfin	.40	11	334 ¹	334 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
QMS	808	114 ¹	11 ¹	11 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Quadv	446	104 ¹	104 ¹	104 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
QuadvC	.43	9	142 ¹	142 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Quantum	1474	242 ¹	234 ¹	24 ¹	-1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Questel	531	52 ¹	51 ¹	51 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Quicke	330	234 ¹	22 ¹	22 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Quotin	2477	136 ¹	135 ¹	135 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
RAX	.018	50	72 ¹	71 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
RaxSys	198	189 ¹	187 ¹	187 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
RadnT	148	147 ¹	145 ¹	145 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Radon	361	51 ¹	71 ¹	71 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Ragen	55	71 ¹	7	71 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Reiner	128	126 ¹	4 ¹	4 ¹	-1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
RayEn	.24	421	34 ¹	33 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Redicr	65	18	15 ¹	15 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Reading	148	248 ¹	23 ¹	247 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Recoln	130	128 ¹	12 ¹	12 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
RedonL	.64	79	33 ¹	33 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Reeves	703	127 ¹	125 ¹	125 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
RetylEl	.20	214	51 ¹	51 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Rejig	.12	5	143 ¹	143 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Relab	.12	5	54 ¹	54 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
RpAuto	.16	177	143 ¹	142 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Reith	1862	143 ¹	103 ¹	104 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Reuter	.43	111 ¹	103 ¹	103 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
ReutH	254	2451	33 ¹	32 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Reyney	.43	51	55 ¹	54 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Rhodes	.32	103	139 ¹	138 ¹	+1 ¹	Schmit	.08	57	234 ¹	232 ¹	+1 ¹	UstCot	393	15	19 ¹	16 ¹	+1 ¹
Ribbles	123	123	53 ¹	53 ¹	+1 ¹	Schmit	.08</td										

UK COMPANY NEWS

... DAILY REPORTING DAILY IN THE FT

Chief price changes

LONDON		Other price changes (in pence unless otherwise indicated)				
RISES		FALLS				
Conv 10 1/2 '99	£98%	+	%	Lee Cooper	213	+23
Tr 2 1/2 IL 20	£88%	+	%	Lep Group	281	+19
Amstrad	258	+18		Mercury Sec	730	+30
Beaumont Clark	150	+10		Milford Docks	68	+18
BAE	462	+11		Mowlem (J.)	336	+20
Clarke (Clement)	160	+12		Rank Organ	494	+54
Cowan de Groot	67	+ 7		Rugby Port Cem	161	+ 5
Daejan	540	+40		Scottish & Newc	177	+ 6
East Rand Con	66	+ 5		Smith (W H) A	280	+10
Extel	380	+10		Spafax TV	110	+15
Fairline Boats	148	+14		Staveley Ind	395	+22
Hambros	200	+35		Warner Est	740	+40
Hambros Trust	218	+31		Williamson Tea	550	+35
	160	+22		Wm Thomas & Co	85	+ 7

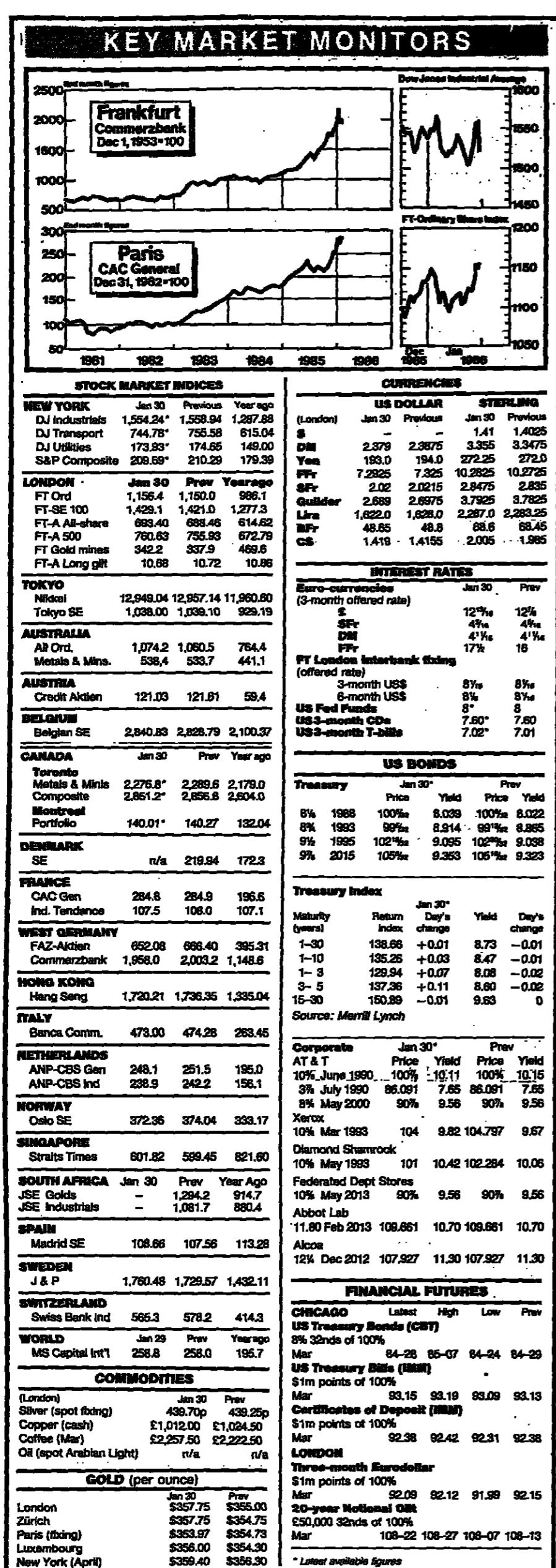
WORLD TRADE NEWS

GLOBAL COMMENT DAILY IN THE FT

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

FINANCIAL TIMES

WORLD STOCK MARKETS



WALL STREET

Sentiment dampened by Fed data

DISAPPOINTING federal statistics on US economic growth and the trade deficit damped some of Wall Street's enthusiasm yesterday, writes Terry Byland in New York.

The stock market again jibbed away from challenging its previous high points. Dr Henry Kaufman, chief economist at Salomon Bros, further discouraged hopes of a cut in federal discount rate, and bonds turned sluggish in the face of next week's \$23bn sale of Treasury securities.

At the close the Dow Jones industrial average was down 6.76 at 1,552.18.

Turnover slackened from the near-peak levels of the previous session.

Dr Kaufman told reporters at a meeting of New York bankers that, while he thinks the Fed will probably remain "accommodative", it will not cut the discount rate "in the near future", despite Japan's reduction.

With the dollar weaker after news of a widening US trade deficit, support for blue chips faded at mid-session.

Also bearish was the increase of 0.9 per cent in the Commerce Department's leading economic indicators for December, well below market estimates, and suggesting that the economic pace is still slow. Some analysts now see another sharp downward revision in 1985 final quarter GNP estimates.

Technology and car stocks, which have provided leadership over the past five daily advances, ran out of steam yesterday.

Computer issues were unsettled by reports that IBM plans to cut prices on personal computers. At \$150, IBM shed 3%, but among its competitors, Apple Computer lost 5% to \$234 and Commodore International 5% to 57%.

American Telephone & Telegraph, also challenging IBM in personal computers, shaded 5% to \$224.

Detroit motor stocks to meet profit-taking included General Motors, down 5% to \$74, and Ford 5% lower to \$63. Chrysler was 5% off after rejecting rumours of plans to bid for General Dynamics, which added 5% to \$71 in brisk trading.

Digital Equipment, 5% higher at \$154, provided a lone firm spot among the data processors. Burroughs, down 5% to \$74, and IBM 5% to \$63.

But the chemical groups, which will benefit from lower prices for oil as well as from the general boost to industrial economies, continued to forge ahead. DuPont, still responding to trading results, gained another 5% to \$65.4. Monsanto gained 5% to \$48 and Allied at \$46 added 5%.

But oil stocks rallied strongly as the analysts took a fresh look at the implications for profits of the latest fall in oil prices. Exxon was 5% better at \$51, Standard Oil of Ohio 5% to \$47, and Chevron 5% to \$35.

Defence and aerospace issues steadied from the shock of the shuttle disaster. Morton Thiokol eased 5% to \$32, and Rockwell 5% to \$34, while Lockheed held steady at \$46.

But the Dow transportation average fell smartly as profits were taken in airline and rail issues. Northwest Air fell 5% to \$48 and American 5% to \$47. However, Pan Am edged up 5% to \$84, challenging its previous high, although lightly traded.

Despite weakness in the dollar, pharmaceutical issues ran into profit-takes. Pfizer fell 5% to \$47 as the Federal Drug Administration looked at its Felidene drug. Merck eased 5% to \$135.

Corporate results received a mixed reception. Xerox pleased the market with a turnaround into quarterly profit, and it

jumped 5% to \$62 in good turnover. Time, the magazine publisher, eased 5% to \$60 after announcing lower profits and a cut in staffing.

Mead, the pulp and paper manufacturer, edged up 5% to \$45 despite sharply lower quarterly profits.

The credit market had a sluggish session, with short-term rates making little response either to federal funds at 8 per cent once more, despite \$3bn in customer repurchases from the Federal Reserve. The bond market lay dormant, as traders were left to position themselves ahead of next week's three major auctions of Treasury securities.

TOKYO

Central bank rate cut has little impact

THE RANK OF JAPAN'S cut in the official discount rate yesterday had little effect on Tokyo as speculators traded more actively in lower priced stocks to take capital gains, writes Shigeo Nishizaki of *Yomiuri* Press.

The Nikkei average lost 8.10 to 12,949.04, despite the exchange's simple arithmetic price average registering its eighth consecutive increase of 0.75 to 733.91. Turnover, lower than Wednesday's 479m shares, was still high at 408m. Gainers outnumbered losers 440 to 412, with 126 issues unchanged.

Stocks in companies which announced new developments changed hands quickly. Prices jumped on buying by speculators and brokerage dealers but fell immediately when profit-taking set in.

Technology and car stocks, which have provided leadership over the past five daily advances, ran out of steam yesterday.

Computer issues were unsettled by reports that IBM plans to cut prices on personal computers. At \$150, IBM shed 3%, but among its competitors, Apple Computer lost 5% to \$234 and Commodore International 5% to 57%.

American Telephone & Telegraph, also challenging IBM in personal computers, shaded 5% to \$224.

Detroit motor stocks to meet profit-taking included General Motors, down 5% to \$74, and Ford 5% lower to \$63.

Chrysler was 5% off after rejecting rumours of plans to bid for General Dynamics, which added 5% to \$71 in brisk trading.

Digital Equipment, 5% higher at \$154, provided a lone firm spot among the data processors. Burroughs, down 5% to \$74, and IBM 5% to \$63.

But the chemical groups, which will benefit from lower prices for oil as well as from the general boost to industrial economies, continued to forge ahead. DuPont, still responding to trading results, gained another 5% to \$65.4. Monsanto gained 5% to \$48 and Allied at \$46 added 5%.

But oil stocks rallied strongly as the analysts took a fresh look at the implications for profits of the latest fall in oil prices. Exxon was 5% better at \$51, Standard Oil of Ohio 5% to \$47, and Chevron 5% to \$35.

Defence and aerospace issues steadied from the shock of the shuttle disaster. Morton Thiokol eased 5% to \$32, and Rockwell 5% to \$34, while Lockheed held steady at \$46.

But the Dow transportation average fell smartly as profits were taken in airline and rail issues. Northwest Air fell 5% to \$48 and American 5% to \$47. However, Pan Am edged up 5% to \$84, challenging its previous high, although lightly traded.

Despite weakness in the dollar, pharmaceutical issues ran into profit-takes. Pfizer fell 5% to \$47 as the Federal Drug Administration looked at its Felidene drug. Merck eased 5% to \$135.

Corporate results received a mixed reception. Xerox pleased the market with a turnaround into quarterly profit, and it

SINGAPORE

BARGAIN-HUNTERS kept Singapore narrowly mixed yesterday as most investors remained on the sidelines waiting for some trend to develop.

The Straits Times industrial index gained a marginal 2.37 to 801.82 on turnover down to 5.8m from 7.3m on Wednesday.

In golds, Vast Reefs added 1% to R242 after standing at R244.50, Harties gained 15 cents to R13.90 after touching R14.

EUROPE

Brussels sprouts new life

THE ROLLER-COASTER ride of the European bourses was extended yesterday with another sharp fall for the West German market while signs of new investor life surfaced in Belgium.

Brussels enjoyed moderately active trading that was no longer under the cloud of bearish oil prices. Much of the firmer sentiment was ascribed to the belief that existing tax incentives for new share purchases that have expired will be replaced with broadly similar legislation. A government announcement next week has been mooted. The Belgian Stock Exchange index added 12.04 to 2,840.23.

Despite the firmer tone of the session, market leader Petrofina slipped BFr 10 to BFr 6,080 ahead of results today. The group, which represents about a quarter of the bourse's capitalisation, has recently increased its North Sea oil production exposure and is firmly in the middle of its 1985-86 trading range.

Solvay benefited from the recent slip in oil prices with BFr 60 gain to BFr 6,380, with strong foreign buying evident.

Wagons-Lits, the travel and tourism group, which hit a new peak on Wednesday, eased BFr 30 to BFr 4,720 on profit-taking as the post-Channel Tunnel euphoria began to fade.

Other features included a strong BFr 175 rise to BFr 11,800 for Electrotel while armaments-to-sports goods group Fabrique Nationale added BFr 15 to BFr 1,985.

Retailer Delhaize moved closer to its 12-month high with a BFr 20 rise to BFr 9,220 and Gevaert notched up a modest BFr 10 rise to BFr 5,020, also near its peak for the year.

Longer-dated gilts had gains of up to 5% and shorts also improved. Chief price changes, Page 35. Details, Page 34. Share information service, Page 32-33.

HONG KONG

TAKEOVER

speculation

reared

its head in London yesterday, concealing the underlying trend of leading stocks.

The FT Ordinary share index passed its previous closing peak of 1,334 to end up 6.4 at a record 1,356.4.

Blue chips were overshadowed by the clamour for stocks considered to be possible bid targets.

Longer-dated gilts had gains of up to 5% and shorts also improved.

The respite for Frankfurt was short-lived. A stronger D-Mark is beginning to unsettle export leaders, while banks, mindful of another world debt problem, found little comfort in the cut in the Japanese discount rate and the possibility of lower world interest rates that might ensue.

Daimler reduced the speed of its decline with a DM 20 fall to DM 1,300, making a drop of DM 107 so far this week. VW, normally more reticent in its price movements, suffered a DM 12 setback to DM 301.

Deutsche Bank led its sector down with a DM 24 decline to DM 785 although Dresden suffered a proportionately more acute DM 14 drop to DM 406.

Hochtief, strong all week, cracked under the strain and surrendered DM 30 to DM 740.

The weak tone across the market trimmed a further 45.2 off the Commerzbank index at 1,958.0.

Bond investors were more prepared to hug the sidelines and falls of 30 basis points among longs quickly emerged, with shorts weaker by up to 15 basis points.

The Bundesbank market